

TARIFF ACT OF 1929

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON FINANCE UNITED STATES SENATE

SEVENTY-FIRST CONGRESS

FIRST SESSION

ON

H. R. 2667

AN ACT TO PROVIDE REVENUE, TO REGULATE
COMMERCE WITH FOREIGN COUNTRIES, TO
ENCOURAGE THE INDUSTRIES OF THE UNITED
STATES; TO PROTECT AMERICAN LABOR, AND
FOR OTHER PURPOSES

VOLUME IV

SCHEDULE 4

WOOD AND MANUFACTURES OF

JUNE 17, 18, 19, and 20, 1929

(With Supplement)

I N D E X E D

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON: 1929

COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-FIRST CONGRESS, FIRST SESSION

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ISAAC M. STEWART, *Clerk*

SUBCOMMITTEE OF THE COMMITTEE ON FINANCE

SCHEDULE 4.—WOOD AND MANUFACTURES OF

JAMES COUZENS, *Michigan, Chairman*

CHARLES S. DENEEN, <i>Illinois.</i>	DAVID I. WALSH, <i>Massachusetts.</i>
HENRY W. KEYES, <i>New Hampshire.</i>	ELMER THOMAS, <i>Oklahoma.</i>

FOREWORD

Under authority of Senate Resolution 235, Seventieth Congress, second session, the United States Senate Finance Committee, for the purpose of investigating the effects of the operation of the tariff act of 1922 and the proposed readjustments as set out in House bill 2667, commenced general tariff hearings on June 13, 1929, pursuant to the following public notice authorized by the committee on June 7, 1929:

Dates of hearings and tariff subcommittees

Schedules	Date to commence	Subcommittees
		<i>Subcommittee No. 1, room 212, Senate Office Building</i>
1. Chemicals, oils, and paints.	June 14.....	Smoot, chairman, Reed, Edge, King, and Barkley.
2. Earths, earthenware, and glassware.	June 19.....	Edge, chairman, Smoot, Reed, King, and Barkley.
3. Metals and manufactured of.	June 26.....	Reed, chairman, Smoot, Edge, King, and Barkley.
		<i>Subcommittee No. 2, room 312, Senate Office Building</i>
6. Tobacco and manufactures of.	June 13.....	Shortridge, chairman, Smoot, Watson, Harrison, and Connally.
8. Spirits, wines, and other beverages.	June 14.....	Shortridge, chairman, Smoot, Watson, Harrison, and Connally.
7. Agricultural products and provisions.	June 17.....	Watson, chairman, Smoot, Shortridge, Harrison, and Connally.
5. Sugar, molasses, and manufactures of.	June 26.....	Smoot, chairman, Watson, Shortridge, Harrison, and Connally.
		<i>Subcommittee No. 3, room 301, Senate Office Building</i>
9. Cotton manufactures.....	June 14.....	Bingham, chairman, Greene, Sackett, Simmons, and George.
10. Flax, hemp, jute, and manufactures of.	June 19.....	Greene, chairman, Bingham, Sackett, Simmons, and George.
11. Wool and manufactures of.	June 24.....	Bingham, chairman, Greene, Sackett, Simmons, and George.
12. Silk and silk goods.....	July 1 (2 p. m.)....	Sackett, chairman, Greene, Bingham, Simmons, and George.
13. Rayon manufactures.....	July 8.....	Sackett, chairman, Greene, Bingham, Simmons, and George.
		<i>Subcommittee No. 4, room 412, Senate Office Building</i>
14. Papers and books.....	June 13.....	Deneen, chairman, Couzens, Keyes, Walsh (Mass.), and Thomas (Okla.).
4. Wood and manufactures of.	June 17.....	Couzens, chairman, Deneen, Keyes, Walsh (Mass.), and Thomas (Okla.).
15. Sundries.....	June 25.....	Keyes, chairman, Couzens, Deneen, Walsh (Mass.), and Thomas (Okla.).

NOTE.—Hearings on "Valuation" will be conducted before the full committee June 12. All meetings will commence at 9.30 a. m. unless otherwise noted. Hearings on free list, administrative and miscellaneous provisions will be conducted before full committee at the conclusion of the subcommittee hearings.

Stenographic reports were taken of all testimony presented to the committee. By direction of the committee all witnesses who appeared after the conclusion of the hearings on valuation were to be sworn.

The testimony presented, together with the briefs and other exhibits submitted, is grouped together as far as practical in the numerical order of the House bill, which has made necessary the abandoning of the sequence of the statements and the order of appearance.

In this consolidated volume, which includes briefs and data filed since the publication of the original print, the arrangement of the testimony has largely been preserved, while the new matter has been arranged by paragraphs in the supplement at the end. The index has necessarily been revised to include this new matter.

ISAAC M. STEWART, *Clerk.*

TARIFF ACT OF 1929

SCHEDULE 4—WOOD AND MANUFACTURES OF

MONDAY, JUNE 17, 1929

UNITED STATES SENATE,
SUBCOMMITTEE NO. 4 OF THE COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met at 9.30 o'clock a. m., pursuant to adjournment, in Room 412, Senate Office Building, Hon. James Couzens, presiding.

GENERAL STATEMENTS

STATEMENT OF HON. HAROLD KNUTSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. KNUTSON. Mr. Chairman and Senators, I appear to protest against the increase in the tariff rates placed on building material by the House Committee on Ways and Means. As a Republican, I believe in the principle of a protective tariff, that is, that industry and labor are entitled to protection that will equalize the difference between the cost of production here and abroad, plus a fair margin of profit.

In placing a tariff on certain kinds of lumber and shingles, this fundamental principle of a Republican protective tariff policy has not been followed. The principal country exporting these products to the United States is Canada and the figures as to cost of production show that it actually costs more to produce these products in Canada than it does in the United States.

The Tariff Commission, in a report to the President under date of March 2, 1927, on pages 46 and 47, gives a statement of labor costs in the United States and Canada in respect to the lumber industry. The statement shows that labor costs in Canada, namely, British Columbia, from whence comes the largest share of our lumber imports, are from 10 to 12 per cent higher than in the United States. The same report, on pages 48 and 49, gives figures to show that the cost of the raw material upon which this labor works, costs about 20 per cent more in British Columbia than over the line in the United States.

Those are not figures taken at random; they were prepared by the United States Tariff Commission.

Notwithstanding the fact that labor costs are from 10 to 12 per cent higher in British Columbia than in the United States; that is, on the coast, we have gone to work and placed a duty of 25 per cent ad valorem on shingles, and \$1 a thousand feet on cedar lumber.

Senator COUZENS. In that connection, may not conditions have changed since 1927? I understand the oriental problem has entered into the situation on the Pacific coast considerably.

Mr. KNUTSON. My information is that British Columbia put up the bars on orientals coming into Canada five years ago and none have come in since.

Senator COUZENS. How many are in there now? Do you know how many are in there now engaged in this industry?

Mr. KNUTSON. No; I could not say, but probably other gentlemen who will appear before the committee can tell you.

Of course, I am basing my position on the report submitted by the Tariff Commission in March, 1927, and also, Senator, on the hearings had before the Ways and Means Committee of the House.

I take the position that those who asked for an increase absolutely failed to make out a case, and I have read the hearings very carefully.

This being the case, there is no basis for the transfer of these items from the free list where they have been to the dutiable list carrying 25 per cent ad valorem duty on shingles and \$1 per thousand on cedar logs. Their transfer to the dutiable list will impose an unjust and unnecessary burden on the consumer, and the transfer is also a direct violation of the cost-of-production principle of the protective tariff. I ask that these building material items be returned to the free list.

These items, together with other items relating to building material, should be returned to the free list, because it is not good policy to encourage a more rapid destruction of our lumber resources.

The matter of timber conservation is a vital one for the future of America. This tariff or any tariff against lumber imports plays havoc with the policy of timber conservation.

The Secretary of Agriculture in his report on Senate Resolution 311, dated June 11, 1920, says in regard to this important matter:

Three-fifths of the original timber of the United States is gone, and we are now using timber four times as fast as we are growing it. The forests remaining are so localized as to greatly reduce their national utility. The bulk of the population and manufacturing industries of the United States are dependent upon distant supplies of timber as the result of the depletion of the principal forest areas east of the Great Plains. * * *

The virgin forests of the United States covered 822,000,000 acres. They are now shrunk to one-sixth of that area.

The lumber interests themselves do not want this tariff duty. They realize its unfairness and that it is not necessary as a protective measure. The National Retail Dealers' Association, with a membership of 30,000 dealers in all parts of the country, has recently passed strong resolutions protesting against this tariff duty.

I have some telegrams I would like to read to the committee. Here is one from Oshkosh, Wis.:

JUNE 17.

Hon. HAROLD KNUTSON,
House Office Building.

Fuller Goodman Co. owns and operates over 30 retail lumber yards in Wisconsin and upper Michigan. The duty of 25 per cent ad valorem proposition on cedar products would certainly do an injustice to our customers. Retailers can not shoulder any part of this and the customer will be obliged to pay all. We ask that you vote against any such advance and duty.

FULLER GOODMAN CO.

Evidently this party is under the impression that I am a member of the Finance Committee of the Senate.

Here is another telegram I have received from Cincinnati:

CINCINNATI, OHIO, June 17.

Hon. HAROLD KNUTSON,
House Office Building:

We believe contemplated duty on Canadian shingles would do irreparable harm to the shingle branch of the lumber industry, not only in Canada but in this country as well. We believe that in the public interest the price on wood shingles be maintained at as low a figure as possible. Our opinion any duty will necessarily advance the price of the product which will result in too great a differential between wood shingles and substitute products and hope you will give our suggestion that no duty be imposed upon Canadian shingles consideration.

DWIGHT HINCKLEY,
President Dwight Hinckley Lumber Co.

I have also received the following telegram:

WHEATON, MINN., June 10.

Hon. HAROLD KNUTSON,
Minnesota Congressman, Washington, D. C.:

Hope Minnesota delegation will heed the wishes of the people of Minnesota as expressed in resolution passed by Minnesota House and Senate to oppose any tariff on lumber building material, copy of which was mailed to each of you last winter. Expect you to eliminate this from present tariff bill. Notify other Members.

O. S. NEUMAN.

Certainly if men engaged in the business of selling lumber do not want the duty why should the American consumer be burdened with it? The resolution passed by the National Retail Dealers' Association, in part, says:

The importation of cedar lumber and shingles has not affected the selling price of similar products produced in this country, but because of the high standard of quality of the product imported has always commanded a premium and kept the price and high quality on a stable level.

I have also made a study of the matter of brick and cement duties placed on those products by the House bill. I do not feel that there is any necessity for a protective duty of \$1.25 per thousand on brick or 8 cents per hundred on cement.

The cement industry is one of the most highly organized industries in America and the demand for cement is enormous. The various road-building programs in the various States have developed a market which alone makes this industry the envy of all other industries so far as a dependable market is concerned. The building world is using cement more and more as its basic product. And on every farm and in every village the use of cement has increased to a point where it has become almost a necessity.

Cement is a bulky and expensive product to ship. This fact alone gives protection against foreign cement manufacturers to a degree not enjoyed by any other American industry. The fact that a small amount of cement comes to this country as ballast is a trifling reason for this blanket increase in the duty covering the product for the entire Nation.

No worth-while reason can be advanced to justify the proposed duty. I have read the hearings in vain to find if there is any such justification of such a duty, but they fail to disclose any necessity for the protection. This increase in tariff on cement will cost the nation millions of dollars and the industry does not need it. I have been unable to find figures anywhere that either the cement or brick industry needs this protection.

I desire also to call your attention to the proposed duties on leather and shoes. I have made diligent study of the matter of costs in these industries and I am convinced that there is no basis in reason or justice for a duty of 20 per cent on shoes and a duty ranging from 15 per cent to 32 per cent on leather, that is on the basis of 10 per cent duty on hides.

A principle of the protective tariff is that duties on finished products should be no more than compensatory with the raw material duties. No fair-minded man making a study of the facts and desiring to be fair to all three of these industries, can arrive at the conclusion that the proposed duties on leather and shoes is compensatory with a 10 per cent duty on hides.

Senators, we had an election in Minneapolis yesterday. Last fall the fifth congressional district of Minnesota went Republican by 48,000. Yesterday it went Republican by less than 2,500, and the wood schedule was one of the outstanding issues. I just merely leave that thought with the committee, because we can not afford to have in this bill another Schedule K, which probably cost the Republican Party the election in 1912. I know that will not appeal to the Senators on my right.

Senator COUZENS. I think that would appeal to them.

Mr. KNUTSON. I thank you, Mr. Chairman and gentlemen of the committee.

STATEMENT OF HON. FRANK CLAGUE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. CLAGUE. I am not a timber owner nor a shingle manufacturer, but I represent a district in Minnesota composed wholly of a farming district, and I am interested especially in farming myself, at least, breeding cattle on a number of different farms. I have tried to give some study to the shingle and lumber industry. I am familiar with it for the last 40 years, such as we have had in Minnesota. I am especially interested, my people are especially interested in this matter of whether or not there is going to be a tariff on building material, and especially shingles and lumber, both hardwood and the other building materials, such as cement. My people are very much opposed to any tariff on shingles, lumber, birch flooring, maple flooring, and things of that kind.

I want to be absolutely fair with you, gentlemen, as you would be before any committee I am in, for the shingle industry is one that is suffering at this time and needs the tariff the same as some manufactures, the same as the textile industry ought to have a tariff. I would say it is perfectly fair to give them that.

During the past two years I have given very careful study and have taken up with the Tariff Commission their reports and gone over their reports and made, as I stated, a careful study of the report made on the shingle industry. I have failed in the examination of that report, not only on the shingle industry but of the lumber industry as made by the commission, to find any evidence, and not only from reading that report, but taking up that report and the evidence before the Committee on Ways and Means, I do not believe that we are justified at this time in placing a tariff upon shingles. I want to call the committee's particular attention first to shingles

I have here the prices of shingles at Minneapolis. I live at Minneapolis, within 100 miles; my district is there. There has been a steady increase from January, 1927, right up to this time, on the price of shingles. Shingles to-day in round figures are about \$1 higher than a year ago, possibly, a little higher, but in round figures. That does not show to my mind that there is much need of a tariff at this time. So far as I have been able to learn the shingle industry during this past year has been more prosperous than the farming industry has been.

Senator COUZENS. From what district do these shingles come, that you have quoted, from Minneapolis?

Mr. CLAGUE. They come from the west coast?

Senator COUZENS. From Canada or the United States?

Mr. CLAGUE. I can not say as to that, but I do not suppose that price is used by them. Last summer I used on my own building, and I buy a great many shingles, I used some Oregon shingles. This is the price per 1,000 that I am taking now; the average is about \$1. I am speaking of all shingles, and I suppose that would apply just as much to Canadian shingles as to United States shingles. There would be no difference on that.

Senator COUZENS. You have not any figures as to the difference in cost of producing this shingle in British Columbia and producing it in Oregon, have you?

Mr. CLAGUE. I have the report of the Tariff Commission on that and I have failed to find it in that. Maybe one class of shingle has some particular grade that they pay a higher rate for in Oregon and Washington than in Canada. On the other hand, there are certain kinds of work they pay more for there, but the commission's report as a rule does not give any material advantage to one over the other.

I want to call your committee's attention to this. I took the last Department of Labor report of wholesale prices and I did not pick out particular things. I took what they have on their report, barley, wheat, cattle, steers, oats, hogs, milk, potatoes, wool, red cedar shingles, and fir lumber.

Commencing from 1913, take red cedar shingles at this time. Since that time, that including the year 1929, the percentage of increase, I have heard that discussed, but there has been a natural percentage of increase of 29 per cent. Take barley, and that is what we raise much of in our country, and we raise oats and wheat, too, but in barley there has been a decrease of 33 per cent. On wheat there has been a decrease of 11 per cent, and on oats there was no change, it runs the same. Hogs average an increase of 9 per cent; milk, a decrease on the average of 2 per cent. Potatoes, and we raise millions of bushels of potatoes in our State the same as in yours, decreased on the average 227 per cent, and an average increase on shingles, as I stated, of 29 per cent. On Douglas fir lumber has increased 103 per cent.

I have here also some prepared tables of maple and birch flooring.

Senator COUZENS. You are opposed to a tariff on flooring?

Mr. CLAGUE. Yes.

Senator COUZENS. How do you account for Canada imposing 25 per cent ad valorem tax on American flooring going to Canada?

Mr. CLAGUE. It is my understanding that we ship much more hardwood, as a rule, into Canada than they do into the United States.

Senator COUZENS. I am speaking about flooring. I understand Canada imposes 25 per cent duty on birch-wood flooring and we permit their manufactured flooring to come in free of duty. I just wanted you to explain that.

Mr. CLAGUE. The amount that comes into this country is a very small amount.

Senator COUZENS. Enough to fix the price of the manufactured flooring in this country.

Mr. CLAGUE. I think the price of maple flooring, and I have had the misfortune of having to buy some in the last year or two—in 1913 I built a house and used considerable maple and birch flooring, and I got that flooring from \$80 to \$85 a thousand, and to-day that same maple or birch flooring costs in my home town about \$125. There has been, in other words, a gradual increase in that. We have not had them.

Speaking here of wood, we have not had that increase on all things in our farming. In other words, the point I am making is that we are in a much more serious condition, the man that owns land in my country, a farm, and we have good farmers as you have in your State, but we are in a serious condition when we come to buy lumber. I just received a telegram here. Now, an increase on shingles means an increase in all other kinds of roofing. I just got this telegram, dated May 27, reading as follows:

Congressman FRANK CLAGUE,
Washington, D. C.

Manufacturers and jobbers have raised prices 10 per cent on prepared and metallic roofing in anticipation of an increase in tariff duties on shingles. It looks as though the farmer will be further relieved of what he has rather than given relief.

Senator WALSH. My attention has been called to the same effect, that since the House passed the bill, in anticipation of those raises there already has been an increase promulgated.

Mr. CLAGUE. I dare say; and it applies to the farmers in Washington and Oregon. I received copies just a couple of days ago of resolutions passed by the grange in the State of Washington and the grange in the State of Oregon. Those resolutions do not always mean so much, but these are opposing the tariff on lumber and shingles. I know this, that in my section there never was a time that we needed on our farms to put our buildings in shape worse than we do to-day, and if there is going to be a further tariff, it will add, in my judgment, another dollar or \$1.25 on the price of shingles and a proportionate increase of the price on other kinds of roofing material, and then another increase in our lumber schedules on flooring, and I want to say we are in a pitiable condition.

The owners of land in southern Minnesota that have had to rent their land, in my opinion have not received a dividend, basing it on the valuation of 1913, of 1½ per cent. I heard a member from Rhode Island complaining in the House, the other day, speaking about textile industries, and it is in the Record of the day before yesterday. He said that in 1922 they declared a dividend of something over 8 per cent which ran down last year to 2½ per cent. He complained bitterly. We would be tickled to death if we got a dividend of 2½ per cent on the valuation.

(Mr. Clague submitted the following brief:)

BRIEF OF HON. FRANK CLAGUE

GENTLEMEN OF THE COMMITTEE: I have asked for this opportunity to appear before your committee for the purpose of expressing my objections to a tariff on wood shingles, cedar lumber, and birch and maple flooring. I am speaking to you as a consumer of these products. My congressional district in Minnesota is wholly a farming district, and it is a district similar to many others in the United States. In my opinion, more than 80 per cent of the shingles used on the farms in my State are wood shingles. My people are large users of not only shingles but also lumber and other building materials. One of the heaviest items of expense of every owner of a farm is in building and maintaining his buildings in a proper state of repair.

During the past two years I have given careful study to the Tariff Commission reports heretofore made on the lumber and shingle industry. I have carefully read all of the hearings held before the Ways and Means Committee of the House, and have come to the conclusion that there is no justification for a tariff at this time on shingles, cedar lumber, and birch and maple flooring.

I have sought information from dealers, lumbermen, shingle manufacturers, and others with a view of arriving at the facts concerning these articles. A few days ago I received in the mail an article from the Lumber Trade concerning the shingle tariff. No doubt you gentlemen have read it. I understand it was mailed to all members of Congress. This article sets forth that the shingle industry of Washington and Oregon is in a very depressed condition, and states that it is due entirely to the competition from British Columbia shingles. It depicts the shingle industry of Washington and Oregon as on the verge of complete extermination, and appeals to the sympathy of Americans by ascribing the condition that it claims exists almost entirely to the competition of cheap Oriental labor. If these conditions as described in this article were correct and based on facts, I should be the last man in the world to appear before your committee against a tariff on shingles for I am a firm believer in giving to any industry that measure of protection to which it is fairly and rightfully entitled.

In many ways the article to which I refer might not merit an answer, but I find that it is cleverly designed to appeal to the sympathy of those unfamiliar with the facts, and largely bases its statement on the ground that this industry has been treated unfairly by Congress. A careful reading of the article fails to develop any evidence that will back up the statements that it makes. The only figures or facts that can be said to have any ground in truth are the statements that shingle production has declined in Washington and Oregon over a long period of years, and the additional fact that Canadian imports have increased.

I have gone to considerable trouble to ascertain as best I could the facts. Fortunately, there is available an unusual amount of data on this subject. Largely at the request of those now appearing for a tariff, and under the direction of President Coolidge, the Tariff Commission made a very thorough and exhaustive study of the economics and facts pertaining to the industry in British Columbia and in Washington and Oregon, collecting data from the books of a large number of Companies in the United States and Canada as to costs, wages, quality of shingles produced, methods of marketing, prices, etc. In addition to this, there is a large record of the hearings before the Ways and Means Committee.

It is unnecessary for me to detail this information to your committee since it is all available, but I wish to summarize briefly some of the outstanding facts which I find from a study of the record:

First of all, it is true that shingle production has declined not only in Washington and Oregon, but in the United States as a whole, but this decline is clearly due to causes other than imports. The primary cause is probably, the substantial depression in our timber resources. Not so very long ago shingles were manufactured quite extensively from white pine timber in my own State of Minnesota, but that is now all gone, and the pine shingle is now unknown. Similarly, the heavy stands of cedar lying in the lowlands and near the tidewater of Washington and Oregon have nearly disappeared, and the cedar from which shingles are made in Washington and Oregon now comes from localities where the amount of cedar in forests is much less proportionately.

I find that in Washington and Oregon a slash-grain shingle is chiefly produced which is not considered a good shingle as it is apt to warp and twist when laid on the roof, and does not make a good roof. This has led to ordinances and provisions in building codes of many of our cities prohibiting the use of these low-grade shingles, and to their replacement of all sort of composition shingles.

While the production of shingles has declined steadily for many years, the production and consumption of composition roofs has greatly increased. These

facts, to my mind, clearly account for the decline in the shingle production in the United States.

I find also that the shingles imported from British Columbia are almost entirely what is known as a high type of shingle. They meet a demand which can not be filled by the low-grade shingle.

Second, the Tariff Commission findings show conclusively and in great detail that shingles cost more to produce in Canada than they do in Washington and Oregon. This is in part due to the fact that they make an especially fine quality of shingles, but the commission has also determined that even comparing costs of identical grades of shingles that they average as high and in some cases higher in British Columbia.

The commission also finds that there is no particular difference in the wage scales, wages being higher on one side of the line for one class of employees, and reversing this situation for other types of labor, but on the whole comparing very closely. This should completely dispose of the oriental labor question.

Third, in the matter of prices it does not appear that there has been any unfair competition, but that grade for grade the British Columbia shingles have commanded a somewhat higher price in our American markets than the shingles of Washington and Oregon. The commission finds, for example, that there is very little direct competition between the British Columbia shingle and our own, since our own are so largely of low grade. This does not show the need of any tariff.

Fourth, I find from my investigation that the statement that the shingle industry is very depressed at this time is not borne out by facts. There is data on the record which shows that the shingles prices in Washington and Oregon are more than 20 per cent higher now than a year ago, and that prices are higher now than they have been for many years.

Permit me to quote an extract from a statement of W. C. McMaster, president of the Red Cedar Shingle Bureau of Washington and Oregon, who, I am told, is a large manufacturer of shingles, as it appeared in the West Coast Lumberman under date of December 15, 1928:

"While 1928 was not altogether a profitable year for the shingle industry, there is no doubt at all that it was the best year from every viewpoint that the shingle industry has had since 1919. The trend back to shingles was very marked and there was a long period during the peak of the building season that it was impossible to fill the demands. One of the most encouraging features of this comeback to favor with the building public is the trend toward the use of high-grade shingles backed by responsible manufacturers, who have shown great strides in the improvement of their product. It is not necessary to list the large manufacturers who used to make nothing but Star-A-Star who now make high-grade vertical shingles equal to the best make. The importance of this to the industry can not be overestimated, because every job of good shingles will build good will with the consumer and dealer who sells him.

* * * * *

"Taking all things into account it would seem reasonable that the shingle industry can look forward to 1929 with considerable optimism."

Mr. McMaster is recognized as an authority on the industry. This does not indicate depression and is a decided corroboration of the Tariff Commission comments on high-grade edge grain shingles.

Another fact developed by my examination of the record is that another American industry is dependent for its raw material on the British Columbia shingle since it must have high-grade shingles which it can not obtain in quantity in Washington and Oregon. This is the stained shingle industry which apparently has done much to promote and maintain the use of the wooden shingle.

Taking into consideration the above facts, if I understand protection rightly, there is certainly no ground for a protective tariff on this item of shingles and excellent reasons why no protective tariff should be granted.

Shingles are pretty largely used in our country by the farmer and rural communities, and I would certainly be opposed to taxing the farmer for the benefit of an industry where no need for protection has been shown.

I am going to submit to your committee a little table which shows the trend over a period of years of prices on certain farm products. It also shows the trend of prices on cedar shingles and Douglas fir timber.

Prices

(Department of Labor Reports of Wholesale Prices)

	1913	1923	1925	1927	1929	Increase (+) or decrease (-) over 1929	
						1913	1927
						Per cent	Per cent
Barley.....	\$0. 625	\$0. 660	\$0. 844	\$0. 825	\$0. 55	-12	-33
Wheat, No. 1 spring.....	. 874	1. 18	1. 607	1. 369	1. 210	+38	-11
Cattle, steers, G-C.....	8. 507	9. 502	10. 659	12. 688	13. 875	+63	+9
Oats.....	. 370	. 439	. 467	. 497	. 497	+32	(¹)
Hogs.....	8. 454	7. 859	12. 347	10. 602	11. 590	+37	+9
Milk (Chicago).....	1. 991	3. 051	2. 930	2. 975	2. 910	+46	-2
Potatoes.....	1. 024	1. 457	2. 105	2. 309	. 705	-31	-227
Wool.....	. 252	. 538	. 558	. 447	. 490	+94	+9
Douglas fir, No. 1 common.....	9. 208	19. 417	17. 250	16. 285	18. 760	+103	+15
Red cedar shingles.....	1. 967	2. 903	2. 819	2. 541	3. 280	+66	+29

¹ No change.

This table indicates that common Douglas fir lumber has advanced 103 per cent since 1913 while no agricultural commodity of the eight selected at random has advanced more than 94 per cent and two actually show a decrease. Shingles have advanced 66 per cent since 1913, which is more than any agricultural item except wool and twice the advance of most items. In the past two years four of the eight agricultural products have declined in price, one has remained stationary, while three have shown 9 per cent increases. Lumber, on the other hand, has advanced 15 per cent and shingles 29 per cent, or three times as much as any of the eight staple farm products. Does this indicate a need for a protective tariff on lumber and shingles, or does it indicate farm relief?

Should the farmer whose products have declined or increased but slightly be taxed for the benefit of an industry that has at least prospered far more than he?

There are two other items in the wood schedule to which I wish to make brief reference: They are (1) logs of fir, spruce, cedar, and western hemlock, and (2) maple and birch lumber, both of which are placed on the dutiable list by the pending tariff bill. In the case of logs, to my mind the fact which is entitled to primary consideration at this time, is the bearing log imports have on the question of forest conservation. I am told that western Washington, which we have come to regard as the last great timber reserve of the United States, is already becoming disturbed over the supplies of timber available for its lumber industry. According to eminent authorities, there remains in that section of the United States no more than a 20 or 25 years supply of timber. If this is exhausted, the great lumber industry of the Northwest will disappear just as it has disappeared from the New England States, the Great Lakes, and just as it is now disappearing in the South. In face of these facts it approaches the ridiculous to give serious attention to the plea of a few local loggers and timber owners that the way be paved for them to speed up their operations and exhaust the remaining timber even more rapidly than at present.

In regard to hardwoods, the situation is substantially the same. The American Tree Association reports that Wisconsin, which is now the center of northern hardwood production, has approximately 13,000,000,000 feet of timber remaining in its forests. Of this amount approximately 43 per cent is hemlock and probably another 7 per cent consists of other species of softwoods, so that the total hardwood stand is not in excess of six and one-half billion feet. The bulk of this is in maple and birch, the total stand of which is probably between four and five billion feet. The annual cut of birch and maple in Wisconsin averages in excess of 400,000,000 feet. At this rate of production the birch and maple forests of that State will be exhausted in less than 10 years. Under such circumstances it seems to me wise to take pause before passing a law which will tend further to deplete the rapidly dwindling remnants of these once magnificent forests.

Present maple lumber prices, New York, Boston, Philadelphia, Detroit, and Cleveland, showing increased cost to wholesale and retail consumer if proposed 15 per cent ad valorem duty is assessed

	F. o. b. mill price	15 per cent ad valorem duty	Average freight	Wholesale price, duty paid	Retail price, al- lowing 33½ per cent gross overhead	Increased cost per thousand feet to con- sumer by reason of 15 per cent ad valorem duty
MAPLE LUMBER						
1-inch maple, first and seconds or clear qualities.....	\$70.00	\$10.50	\$15.00	\$95.50	\$127.33	\$14.00
1-inch maple, medium or cut- ting-up qualities.....	43.00	6.45	15.00	64.45	85.93	8.00
2-inch maple, first and second or clear qualities.....	82.00	12.30	15.00	109.30	145.73	16.40
2-inch maple, medium or cut- ting-up qualities.....	62.00	9.30	15.00	86.30	115.07	12.41
3-inch maple, first and seconds or clear qualities.....	105.00	15.75	15.00	135.75	181.00	21.00
3-inch maple, medium or cut- ting-up qualities.....	85.00	12.75	15.00	112.75	150.34	17.01
MAPLE FLOORING						
¾-inch first grade.....	86.00	12.90	9.00	107.90	143.87	17.21
¾-inch second grade.....	69.00	10.35	9.00	88.35	117.80	13.80

Present birch lumber prices, New York, Boston, Philadelphia, Detroit, Cleveland, showing increased cost to wholesale and retail consumer if proposed 15 per cent ad valorem duty is assessed

	F. o. b. mill price	15 per cent ad valorem duty	Average freight	Wholesale price, duty paid	Retail price, al- lowing 33½ per cent gross overhead	Increased cost per thousand feet to con- sumer by reason of 15 per cent ad valorem duty
BIRCH LUMBER						
1-inch birch, first and seconds or clear qualities.....	\$85.00	\$12.75	\$15.00	\$112.75	\$150.33	\$17.00
1-inch birch, medium or cut- ting-up qualities.....	47.00	7.05	15.00	69.05	92.07	9.41
1½-inch birch, first and sec- onds or clear qualities.....	90.00	13.50	15.00	118.50	157.33	18.00
1½-inch birch, medium or cut- ting-up qualities.....	57.00	8.55	15.00	80.55	104.07	8.07
2-inch birch, first and seconds or clear qualities.....	92.00	13.80	15.00	120.80	161.03	18.37
2-inch birch, medium or cut- ting-up qualities.....	65.00	9.75	15.00	89.75	119.67	13.01
2½-inch birch, first and sec- onds or clear qualities.....	100.00	15.00	15.00	130.00	173.33	20.00
2½-inch birch, medium or cut- ting-up qualities.....	80.00	12.00	15.00	107.00	142.67	16.01
3-inch birch, first and seconds or clear qualities.....	105.00	15.75	15.00	135.75	181.00	21.00
3-inch birch, medium or cut- ting-up qualities.....	85.00	12.75	15.00	112.75	150.34	17.01
4-inch birch, first and seconds or clear qualities.....	120.00	18.00	15.00	152.00	204.00	24.00
4-inch birch, medium or cut- ting-up qualities.....	100.00	15.00	15.00	130.00	173.33	20.00
BIRCH FLOORING						
¾-inch, first grade.....	71.00	10.65	9.00	90.65	120.87	14.21
¾-inch, second grade.....	61.00	9.15	9.00	79.15	105.53	12.20

Wholesale prices to the trade of cedar lumber, f. o. b., Minneapolis market

	Mar. 26, 1927	Dec. 29, 1927	July 14, 1928	Dec. 31, 1928	June 14, 1928
½ by 5 siding.....	\$31.35	\$29.35	\$32.35	\$34.35	\$35.35
¾ by 8 siding.....	52.25	46.25	51.25	52.25	53.25

The prices of the lumber quoted are on the basis of surface measure. To obtain price per thousand feet board measure the quotations on one-half inch siding should be doubled and on three-fourths inch siding add 50 per cent to the price quoted to secure the price per thousand feet board measure.

The result of this is that on the present market the amount secured for siding per thousand feet board measure is approximately \$70 per thousand, while a year ago the price was \$62.70 per thousand, the price having advanced during the past 15 months \$7.30 per thousand feet board measure.

Prices on (perfects) shingles to the trade, f. o. b. Minneapolis (per thousand)

	1927	1928	1929		1927	1928	1929
January.....	\$4.39	\$4.25	\$5.44	July.....	\$4.30	\$5.03	.....
February.....	4.33	4.33	5.44	August.....	4.41	5.27	.....
March.....	4.26	4.35	5.44	September.....	4.61	5.32	.....
April.....	4.32	4.44	5.29	October.....	4.50	5.29	.....
May.....	4.34	4.49	5.24	November.....	4.33	5.12	.....
June.....	4.32	4.71	.....	December.....	4.23	4.97	.....

(The resolutions referred to are as follows:)

RESOLUTION ADOPTED BY THE WASHINGTON STATE GRANGE

Whereas the United States House of Representatives has passed a bill which provides a duty of 25 per cent ad valorem on shingles and cedar siding and 10 per cent ad valorem on fence posts and \$1 per thousand on saw logs; and

Whereas the farmer uses 60 per cent or more of the shingles and the greater portion of the cedar siding and 9 per cent of the fence posts; and

Whereas cedar poles, railroad ties, and logs for pulp wood used by industrial firms are admitted duty free: Therefore be it

Resolved, That the Washington State Grange protests against the discrimination herein shown and respectfully urges that Congress place agriculture on a parity with the industrial in all matters relating to the tariff; be it further

Resolved, That a copy of this resolution be sent to the chairman and members of the Senate Finance Committee and to the chairman and members of the Committee on Ways and Means, House of Representatives, and to the Washington delegation in Congress and our brother Fred Brenckman, the National Grange representative in Washington, D. C.

FRED W. LEWIS, *Secretary*.

RESOLUTION ADOPTED BY THE OREGON STATE GRANGE, DIVISION OF LABOR COMMITTEE

Whereas Congress was called into extra session primarily for the purpose of farm relief, and since the present proposed tariff on lumber, shingles, brick, and cement will cost the American farmers approximately all relief gained by any form of relief measure now before Congress: Now, therefore, be it

Resolved, That the Oregon State Grange in the interest of the farmers of this country is opposed to any tariff on lumber, shingles, brick, and cement from the Dominion of Canada; Be it further

Resolved, That a copy of this resolution be sent to the members of the Ways and Means Committee, members of Congress from Oregon, members of the Finance Committee of the United States Senate, to the United States Senator from Oregon, and our brother Fred Brenckman.

STATEMENT OF JAMES D. LACEY, REPRESENTING JAMES D. LACEY & CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)
Senator COUZENS. Whom do you represent?

Mr. LACEY. I am representing particularly James D. Lacey & Co., and also another company.

In a general sense, however, I am representing the general industry, and have been for the last 50 years, in the woods end of it.

We have been for the last 50 years engaged in inventorying timber and promoting the building of the sawmill and other forest-product industries, and in that respect I have covered pretty nearly the entire United States and the Dominion of Canada.

I started in Pennsylvania, as a boy, and in 1866 I went to Grand Rapids, Mich.

I lived there from 1866 until 1880, and then I gave up my business there, but retained my residence, and went down South into the long-leaf pine belt, where timber could be bought for \$1.25 an acre. I have been interested in cruising and forest engineering of timber ever since.

Senator COUZENS. Do you appear in opposition to the tariff or in favor of the tariff?

Mr. LACEY. I appear at this time in a sense in opposition to portions of the tariff. I have attended every tariff hearing that has been held since 1890, in Washington or elsewhere, both in the Senate and in the House, and in lumber conventions, and I have always been a protectionist, and I am yet. But in the last few years our investigations and the investigations of others, and the United States statistics showing the depletion of our forests, have led me from necessity to change my mind in relation to a great many of the lumber products, in connection with which we are growing short of the raw material.

When I was a boy in Pennsylvania wood, hemlock logs could be had for the hauling, but today there is no hemlock in Pennsylvania. There is no timber of any particular value as manufacturing lumber, where those operations can be carried on in a large scale to-day in any of the Eastern States. You can take all of New England and Pennsylvania and New York State; they ceased to be manufacturers of lumber to any great extent.

Most of the industries in New England and New York State have gone from lumber into pulp and paper manufacture, both hardwood and pulp wood, and what timber is left outside of that for local use is going to be used largely for that purpose.

The State of New York and some of the New England States are importing pulp wood from Canada.

Senator COUZENS. You heard one of the witnesses testify yesterday that they were hauling lumber from Canada to the forests of New England to be manufactured?

Mr. LACEY. Yes.

Senator COUZENS. Leaving the timber in New England to stand and waste; is that correct?

Mr. LACEY. No, sir, it is because New England has not a large quantity of timber of any kind left. We have a large force of forest engineers, and we are cruising timber in New England now. We have been for the last three years cruising a large amount of this timber that is supposed to be left on the higher portions of Maine, New Hampshire

and Vermont, but there is no place where it grows there very thickly because the best timber has been cut out years ago.

Maine has held out longer than any other one of the Eastern States, and produced more softwood, more spruce, because she has had a forest regrowth there. They have been rotating and raising crops of pulp wood for a good many years, and in that way they are maintaining their pulp-wood supply to a large extent. But they are using some pulp wood from Canada.

New York State has practically ceased to be a soft wood producer. She has gradually gone down from being the largest producer in the United States to the twenty-third or twenty-fourth. Last year her production of soft wood was less than 100,000,000 feet, where she used to produce over 2,000,000,000 feet. The State of Pennsylvania bears the same relation.

When I was a boy all the lumber for Philadelphia and that section of the country was produced from the Delaware River and its tributaries and rafted down the Delaware to Philadelphia. The same thing applied to New York City. The Hudson River supplied New York City.

To-day all that eastern territory is getting its lumber from the South and the extreme West, and we are to-day dependent upon the South and the extreme West for our lumber.

So that when we talk about bringing in an excess of any one material and depreciating the value of our own products we are telling about something that does not exist. From the best statistics we have available, and those are the statistics of 50 years traversing the woods of the different portions of this country and Canada, from the Atlantic to the Pacific and from Alaska to Brazil, we have gotten our experience and knowledge. We therefore know we have a better knowledge of the timber industries of this country than any other concern in existence, because it has been our business for the last 50 years to find out and prepare for the selling of timber to the lumber men.

In other words, our business has been and is a service to the lumber industry, and in that way we have had to enlarge our business from simply cruising timber in the beginning, and we are to-day giving service in almost any form that the trade may require it, and we are all the time hunting for new territory.

We have cruised Alaska quite closely, and it is very disappointing as to the quantity of timber we now have in Alaska. When it is put into spruce, as it will be in a few years to come, it will not last very long, because it does not exist in anything like the quantities we have been led to believe it did.

On the Pacific coast I have been going out there now for the last 30 years. I began 30 years ago in disposing of timber on the coast. The State of Washington at that time had over 400,000,000,000 feet of timber. At least half of that has gone.

In speaking of half of the timber remaining in the State of Washington, it does not compare with the quality of the timber that existed 30 years ago, because we have been manufacturing very largely the high grade old crop to get as much lumber out of it as possible, because the low-grade lumber could not afford the transportation to our Eastern markets. Therefore, we have been going very heavily on the high grade old crop timber, and from the best

information I can obtain by actual investigation, within the next 20 years our high-grade timber there on the Pacific coast will be gone.

That does not mean that the second growth and the higher altitude fir, what we call the bastard fir, will be out of existence, but it will be very much more expensive to manufacture, and it will be of a very much poorer quality of lumber than you are getting to-day.

Now, in regard to this investigation that has been going on with reference to the cedar supply. We used to have plenty of cedar in Pennsylvania. It was used for fence posts, and there was cedar all through New York State, Ohio and Michigan.

To-day, where can you find any cedar, with any considerable supply, east of the Rocky Mountains? Very little exists, not enough to make it valuable as an operating proposition. In British Columbia there is considerable cedar, but even with the supply there, I do not think it will exceed 30,000,000,000 feet. I say that on account of the fact that we have cruised 50 per cent at least of the standing timber of British Columbia, and the same thing would apply to the States of Washington and Oregon.

Washington had more cedar, but she has cut it off pretty fast, and it will not be so many years until, as a commercial product, Washington will be out of cedar.

Senator COUZENS. Who retained you to come here and testify?

Mr. LACEY. Myself. I am not here in the interest of any one industry, Senator. I have not been employed. I have discussed the matter, as I always do, with lumbermen as I meet them, some Democrats and some free-traders and some Republicans. I have always advocated protection and I do to-day, to the things that need the protection.

But I want to read you just a sentence or two in this reforestation report of January 10, 1924, which says that approximately 10,000,000 acres of forest land are cut over annually in the United States, about half of which is virgin stumpage and half second growth. It says that the total annual drain upon our timber supply is equivalent to about 60,000,000,000 board feet, of which amount 53,000,000,000 is used and at least 7,000,000,000 feet is destroyed by fire and disease.

It also says that a substantial amount of second growth timber has been produced in portions of old forest regions where virgin timber was cut many years ago and abandoned, and later reforested with forest trees.

It goes on to say that by far the greater part of this new growth has been small land growth on approximately 250,000,000 acres, more or less, and that is taking the place partially of such quantities of timber as have been removed or destroyed each year. As far as the data available permitted, and striking a balance, it appears probable that the remaining saw timber is disappearing approximately eight and a half times as fast as new growth is replacing it. Our hard wood saw timber is disappearing three and a half times as fast as it is being replaced.

It goes on to say in reference to small material and the depletion of our products of the forest, that it may be said that 25 per cent of the natural supply of wood is replaced by second growth, still 75 per cent is not being replaced, of the possible supply. The stock of capital timber in the United States, it says, has already become too small to support the present consumption of forest products, and then it says this depletion is steadily continuing.

Senator COUZENS. From what report is that?

Mr. LACEY. That is in the Forest Report, a Senate report of January 10, 1924. That is from a part of that report.

I am not, as I said before, representing any interest. My interests are in the timber industry. I am interested in timber lands in Canada both eastern and western Canada. I am interested in timber lands on the Pacific Coast and in the Southern States, and have some timber in Mexico. Therefore, my interests are general.

But I am interested in viewing this matter fundamentally from a conservation standpoint. I have been listening to these tariff discussions for 30 years, and I have never yet heard men come in applying for a tariff who have said anything about the depletion of the forests or the conservation of the timber. They always say, let us get all the tariff we can to protect us, and let the forests go down, and that is what we are doing.

It has gotten to this point, and this is why I am changing from a strong protectionist to a free trader in certain things: Thirty years ago I was here when the Wilson bill was being put through, and I then advocated very strongly a tariff on Canadian lumber, and afterwards in Mr. Roosevelt's administration, Mr. Pinchot and myself had several very heated arguments on that question, and I finally went South and had photographs taken of lands cut over in 1906, when we were obtaining a very high price for southern pine, \$20 a thousand, and then afterwards the price of lumber went down to \$12 and \$14 per thousand. I had those photographs taken, and I showed a comparison between good lumber when it paid to cut it off and when it did not pay to cut anything but the best of it.

I advocated a duty on Canadian lumber for a long time, because at that time we could not compete with the products that came in from Canada without a tariff, and a \$2 tariff was placed upon Canadian lumber, and our southern mills—I was then interested in the Gardner-Macey Co. in Georgetown, S. C., and we were manufacturing cypress.

When the Dingley bill was passed we had a yard filled with medium and low grade lumber, and we borrowed all the money we could get to carry it, but we could not sell it because we could not compete under the Wilson bill that gave free trade to Canadian lumber. When the Dingley bill was passed we had no trouble in disposing of those grades in the eastern and New England sections of the country.

But those times have changed, and conditions have changed, and what existed then does not exist to-day, and we have not the timber standing in the South to-day nor in any other section of the United States to warrant our cutting it nine and a half times as fast as we can reproduce it.

Therefore, I say it is time to begin to conserve our own timber to the best possible extent, that is, in a general way.

Now, so far as New England is concerned, I opposed free lumber from Canada to New England in the earlier days, but to-day I absolutely approve of sending in free Canadian logs or timber, brought in, any kind that can be brought in there, thus continuing to afford a reasonably priced material for the New England people, giving employment to their men and allowing the continuation of their wood-working industries that use that class of lumber.

Senator WALSH. Do most of the woodworking industries of New England get their lumber from Canada now?

Mr. LACEY. Not all of it. They use some of their own. Then they get quite a little hardwood from the South. But they can not continue to exist unless we get that Canadian lumber.

Senator WALSH. Take those manufacturers along the Fitchburg Railroad. Where do they get their lumber from?

Mr. LACEY. A good deal of it comes from Canada, and they need to get more, or else they have to diminish their manufactures.

In regard to hardwood, we know pretty well that pine is rapidly being cut out. The South, in the long-leaf pine belt may have a 10 years longer supply of high grade long-leaf pine. That is the pine that supplies the railroads with their high grade siding and bridge timbers, and it is the best and strongest construction timber that ever existed in this country. That will practically be gone.

There will be some younger growth; there will be considerable short-leaf pine left also.

We then must resort to the fir. We are using a great deal of fir to-day. We used last year in New York City over 3,000,000,000 feet of fir, and probably will use more this year.

Fir is coming to-day very largely into the South. I was in the city of New Orleans last winter, in our New Orleans office, and I saw cargoes of fir landed in that city from the Pacific coast, and distributed there to supply a class of timber that they are cut out of.

The Great Southern Lumber Co., in which I have been a stockholder for a great many years; in fact, I sold them all their timber originally, 6,000,000,000 feet of timber on 600,000 acres of land, have been cutting a million feet a day for the last 26 years. They have about eight years' supply left at that rate of cutting. They have endeavored to reduce the cut, but their manufacturing plant was built for that capacity, and to reduce the capacity would greatly increase the cost. Therefore, in order to overcome that condition they have been looking around in South or Central America.

We have aided them in two or three instances, and sent one man with one of their men to investigate the soft wood resources in Central America.

In addition to that, they have joined with another company and are to-day bringing red wood in logs from the Pacific coast, to take up the slack in their production, in the hope that they can continue their lumbering operations at Bogalusa for an indefinite period. They have built a city there with some 18,000 inhabitants, and they have built churches and school-houses and furniture establishments and other manufacturing industries, and as a matter of sentiment and business they want to perpetuate the city of Bogalusa, and that is what they are trying to do by bringing lumber from the outside.

Senator COUZENS. They are carrying on a long range reforestation scheme?

Mr. LACEY. They are carrying on a long range reforestation scheme to a great extent, but the reforestation is going to take a long time. We have some of this work for ourselves in operation and have under cultivation, and for other people, the American Creosoting Co., who are reforesting in order to get telegraph poles in the future, and we have a company in Florida who have a large amount of cut-over lands, and we have taken over 80,000 acres of lands from the Missouri Pacific Railway Co. in Arkansas for the purpose of reforestation and consolidating, and selling off such

portions with timber on it that is profitable, and are reforesting the remainder to get a supply.

In the South we have probably 20,000,000 acres of cut-over timber land, and in the last 40 years we have taken a good deal of that cut-over land from the Government ourselves.

But there is not a large mill in the South that has a 10-years' supply of wood land to continue with. We know that from being in close touch with the mills. We have estimated and reestimated their timber, and as time went on we have made a closer estimate. We have estimated some of it two or three times, every time getting a higher estimate because of the better utilization of the wood.

Senator WALSH. Has there not been quite a development of wood manufactures in the South in recent years?

Mr. LACEY. Yes; very great.

Senator WALSH. I am surprised at that, in view of what you say about the limited supply of wood.

Mr. LACEY. Originally, our hard woods came from the North, from Ohio and Indiana. In 1866, when I went to Michigan, we were getting our walnut from Indiana and our oak from Indiana. In Michigan we were getting oak and ash and elm.

I was in Grand Rapids before a piece of furniture was manufactured there, so I have seen the growth in that industry from 1867 on. Two men started there in a very small way, C. C. Comstock, a lumber man, and William A. Burkey, a man who was doing a small cabinet business there.

From that small beginning Grand Rapids has developed into the largest high-grade furniture center of any place in the world. She produces to-day more high-grade furniture than any other place in the United States, or any place in the world that I have knowledge of.

Senator COUZENS. Where do they get their lumber from there?

Mr. LACEY. They are getting their hardwood very largely from the Southern States. They got a great deal of it from the Mississippi Delta, and some from the Appalachians. She now is getting most of her wood from the Appalachian country, because the Mississippi Delta is pretty well cut out.

I have been interested and still am, in some 600,000 acres of hardwood lands in northern Louisiana. We have sold a considerable amount of that lumber to Grand Rapids, with a freight rate of from 28 to 34 cents. She is paying to-day 48 cents from the Appalachian States to Grand Rapids, and the freight rate on her raw material is getting to be very excessive.

In the last 10 years the furniture industry; that is, of the low-priced and medium-priced furniture, has very greatly changed. There was no manufacturing in the South to speak of. In 1900 there was \$5,000,000 worth of furniture produced in the South. In the year 1927 there were \$145,000,000 worth of furniture produced, and the grade had very greatly increased.

North Carolina has been the largest producer. At Winston-Salem, Jonesboro, and High Point there are large factories. At High Point they have developed a number of large industries, and some of our eastern manufacturers have gone down there, and they are producing to-day a very great amount of medium-priced furniture, and where they used to buy furniture from Grand Rapids, they are selling from five to seven carloads a week into Grand Rapids, to supply the dealers there with medium-priced furniture.

There is only one medium-priced furniture company left in Grand Rapids, and that is the Sligh Furniture Co., and they make furniture for bedrooms and make it at a medium price, and always have.

So they have gotten away from the source of supply of raw material. It was the raw material originally that started the furniture industry in Grand Rapids.

The finest growth of white pine that ever existed anywhere in the world, and the finest grade of lumber was in Michigan. White pine always was and is recognized as the king of soft wood, and probably will always continue to be so.

The furniture industry, like every other industry that depends upon raw material, is migratory. It has to get just as close to the lumber industry as it can. I have gone from Pennsylvania to Michigan and Wisconsin and Minnesota, and when I look backward and go forward, I discover that I have followed the lines of least resistance. Then I went South.

Then 30 years ago I went to the Pacific coast, and we have been operating very largely on the Pacific coast, both in British Columbia and in Oregon and Washington and California.

The lumber industry moved from Pennsylvania. A great many Pennsylvanians came to Michigan, among others the Longs of Grand Rapids. They went out there and went into the lumber business and they are still living out there. There are other Pennsylvanians I know of that went out there in the same way.

As time goes on the furniture industry will, to a large extent, go nearer to the timber, and the low grade and medium priced furniture already has moved southward and is largely established there.

The high-grade furniture that is being manufactured in Grand Rapids to-day can afford to continue to be manufactured there, and it pays a big price for the raw material, because the raw material after all is a small part of the cost of this furniture. It will run anywhere from 20 to 30 per cent.

Their walnut now is about gone, and the walnut veneering is getting to be very scarce and very high. They are going back again to mahogany veneer, and that is coming still more and more into demand.

In speaking of the movement of traffic, I could not help but think of a statement made yesterday in the Senate, when Senator Reed of Pennsylvania was speaking of numerous blast furnaces in the State of Pennsylvania to-day that are shut down for certain reasons. That was what Senator Reed said.

Instead of stating that they were shut down because they had no ore to feed into those furnaces, it was more another reason, for political purposes, if you wish, but not for actual causes. Pennsylvania and New York State have been out of the iron-making business for a good many years, except from the ore that has been imported there.

In 1883 I made a trip through the West Indies and part of Central America to investigate wage conditions down there, and I found then that the Bethlehem Steel Co. were exporting from Cuba and have been ever since, exporting iron ore to Pennsylvania. It is their entire source of supply of iron ore. So that it is not for the reason that Senator Reed assigned at all that those furnaces are idle. I live on the Hudson River, a few miles above New York City, in the summer time, and the old Sterling furnaces——

Senator COUZENS. We are not now considering the steel schedule.

Mr. LACEY. I will get back to the wood schedule.

Senator COUZENS. I would like to know what effect this proposed 25 per cent tariff on shingles from British Columbia will have on the Washington industry?

Mr. LACEY. I do not think it will have very much effect, because Washington and British Columbia do not produce shingles enough to supply the demand.

I wanted to buy several thousand shingles last fall to shingle my barns and my garage in Newburgh, and I could not buy any red cedar shingles nor any of the old cypress shingles.

When we went into the manufacturing of shingles in Georgetown, S. C., in 1890, 80 per cent—

Senator COUZENS. I understand you do not believe that a tariff of 25 per cent on British Columbia shingles will affect the Washington industry at all?

Mr. LACEY. I do not think it will. If you put an added tariff of 25 per cent on the Canadian lumber you will get a 25 per cent advance in the cost of Washington shingles.

I have been closely interested in a tariff-protected industry for a good many years. I have never known of a tariff that was passed when we did not add the tariff to the cost of production. The ultimate consumer always pays the bills.

Senator COUZENS. Do not the Washington producers want protection from competition from British Columbia?

Mr. LACEY. Of course, and we always want protection if we can get it. But there are Washington manufacturers of cedar shingles to-day that have money invested in British Columbia and I have seen statements from both branches, and they are making as much money on their Washington shingles as on their British Columbia shingles. There is practically no difference. If you put a 25 per cent tariff on British Columbia shingles you destroy the market, just as you have on British Columbia lumber, because it will not stand the price.

Senator WALSH. Can the industry in Washington take care of the domestic consumption in the event of an embargo being put upon British Columbia shingles?

Mr. LACEY. No; I do not think they can, because the two combined to-day are not taking care of the market.

Senator COUZENS. Then why are both the Washington Senators very vigorously urging a 25 per cent tariff on shingles from British Columbia, one of them a Democrat and the other a Republican, so it can not be said it is for any partisan reasons.

Mr. LACEY. Of course, they have to protect their constituents and comply with their wishes.

Senator COUZENS. They must need it, if they need protection.

Mr. LACEY. Have you ever found an industry in the United States that did not need protection? I never have, if they could get it.

Senator COUZENS. It is not a matter of what they want; it is what they need. Do they need it?

Mr. LACEY. To-day the lumber industry in the West is in certain respects very profitable. But what are those respects? They are men thoroughly trained and skilled as lumbermen. They are men of sufficient capacity to carry out all the different branches of manufacturing, and they get their profit not from the sales price, because there

in British Columbia to-day it is \$6 and \$8 a thousand less than it was in 1923, and therefore they do not make but two or three dollars a thousand above the cost of stumpage on the selling price, but they do make their money in the economies of manufacture. They have the latest machinery of every kind, and they manufacture on the most economical basis. Those are the lumbermen on the Pacific coast who in the last five years have been making what money has been made. The merchant lumberman on the Pacific coast has been in a bad way, because he has had to buy his logs on the market. He has not owned any timber himself. He is in the same position as the merchant manufacturing lumber all over the United States. In the new country, where stumpage is cheap, they will buy a little lumber, and buy up the Government land. The same thing existed in the South until there is no more Government land left, and then the lumber man had to go in and buy the timber, and the merchant mill disappeared. That is what is happening on the Pacific coast.

Senator COUZENS. Is not that what they are complaining of, the enormous amount of unemployment because all of their mills are going out of business?

Mr. LACEY. I was out there in October, and I traveled through the forests of Oregon and California and Washington, and I did not see any unemployment.

Senator COUZENS. The Senators from that State complain of unemployment because of the fact that the mills are closing down.

Mr. LACEY. The mills have done this: During the war, the lumber industry and everybody else were crowding themselves to increase their output, and when the war was over a number of big new mills bought large tracts of land and put manufacturing on a much lower basis. That extra number of mills overloaded the market, and we had overproduction in lumber, and we have some to-day.

In the last year the coast mills and the southern mills that have been running five days a week, and some of them 20 per cent less, have reduced their overhead supply of lumber and they are getting down to a basis now where they can normally supply the trade, if they do not go back and cut six days in the week, day and night. If they do that you will have surplus lumber and you will have low-priced lumber again, and you will have a lot of mills go out of existence just as happened on the Pacific coast, and in the case of some of them in the South.

It is all a matter of supply and demand, tariff or no tariff. You can not carry on a business where there is a surplus.

Senator COUZENS. If you curtail the imports from British Columbia, do you not accentuate the mill production in Washington?

Mr. LACEY. To some extent, but you can not go out and build these mills within a year's time. There is very little cedar timber to-day to do that with in Washington, and the owners of that might enlarge their mills to some extent, but if they went right at it it would take two or three years to get into production of the same amount they are producing in British Columbia, and to-day both of them together are not producing a quantity of shingles sufficient to supply the American demand.

Senator WALSH. Where does the remainder of the supply come from?

Mr. LACEY. There are no cypress shingles to-day, because that timber is too scarce, and so far as red wood is concerned, red wood is

nearly out of the shingle business, because red wood is worth more money in lumber than in shingles. Just so, the low-grade softwood is worth more in paper than in low-grade lumber, and the result is that eastern Canada has very few saw mills running.

The State of Maine, the last producer in the eastern market to produce lumber, is nearly out of the lumber business. There are very few sawmills in Maine to-day producing lumber, but there are a number of pulp and paper mills that are converting the spruce and hemlock and what pulp woods they can bring in from Canada into pulp and paper.

Therefore, our supply of lumber is decreasing from every quarter, and it is going to continue to decrease, because in the East, as I said before, the Eastern States are practically out of the lumber business; they have not the lumber to produce in commercial amounts that would affect the market one way or the other.

Senator COUZENS. Have you about concluded your statement?

Mr. LACEY. I have a little more I would like to say on the question of the importation of woods. I would like to speak of the importation of logs. I heard the arguments that were made this morning.

Senator WALSH. What kind?

Mr. LACEY. Mahogany, and other precious woods. They call them cabinet woods; in Central and South America they call them precious woods, adapted to the making of high-grade furniture and other articles of use that require a fine quality of hardwood. Therefore they designate them as their precious woods. They have two classifications, one of precious woods and the other of construction woods. The construction woods are some of the softer woods.

Senator COUZENS. Do you believe there ought to be a tariff on those?

Mr. LACEY. No, sir; I do not think there should be a tariff of any kind on any kind of a log brought into the United States, because we are going to need in the next 50 years every log we have and every log we think we can bring in. We are cutting out to-day 60,000,000,000 feet a year, and that does not account for the farm lot, and things that go into wood, that are destroying the forests.

Here is the inconsistency of this tariff bill to-day. We have been for a number of years, ever since the Forestry Department was organized, advocating conservation and the regrowth of timber in every way we can, to conserve our forests.

But what are we doing? We are shutting out, we are prohibiting the importation of wood that will maintain the life of our forests, and destroying our forests that much quicker. Is there any consistency in that kind of a system?

Senator COUZENS. It depends, does it not, on whether the owners of the forests want to produce, or hold their property in the interest of conservation?

Mr. LACEY. Some are holding and some are producing. All of the money I have in the world is in forests to-day, and my interest would be to close the doors and raise the price on our timber. But I am too old to want to be so entirely selfish as that. I say we ought to think of posterity, and that all these reserves were placed there for posterity. They were made with that in view.

But we are selling, every year the Government is selling that reserve for posterity to the lumber men, and that is largely sustaining the operations of the Forestry Department.

When Mr. Graves was Chief Forester he said I was academic because I objected to the Government coming in and competing, where I owned the land and had paid two or three times as much for it as the Government was asking, and the Government said, buy Government timber because you pay no taxes on it; you simply pay for the timber as you cut it.

We had paid our interest and paid big taxes, and yet the Government is selling that stumpage at a higher price than the stumpage is worth to support the Forestry Department.

You might as well say, and with as much consistency, that the Navy should be supported by selling warships, as that the Forestry Department should be supported by selling out the inheritance of posterity.

Senator COUZENS. Is that all you have to present?

Mr. LACEY. Except that I still want to announce not only my conviction but my knowledge and belief that the time has come in this country when we have to bring in all the raw material we can get, even if it does affect some of us individually or collectively, because if we do not we will all pay the penalty. My children and my children's children will surely pay the penalty in the lack of forests and the lack of woods we have to have, whether it is for shingles or anything else, and I say that the birch and maple and other wood that comes in from Canada has but very little effect upon our manufacturers.

You were considering yesterday bent-wood furniture, and the statement was made that they sold bent-wood furniture in New York from abroad at \$2, where it costs \$5 to make it, and they wanted a 60 per cent tariff. I say when that spread comes in any article of commerce we have not any business to put on a tariff unless we put on a prohibitive tariff to keep it out. We have not any right to try to assess on the American people the difference between \$2 and \$5 for a chair.

The main reason for that less amount of traffic in bent wood is that we are not using so much bent wood. We are using a different kind of a chair.

I have been sitting on bent-wood chairs for the last 50 years, and whenever I go into a restaurant that has a new kind of chair, I always go back to that restaurant.

When we analyze a great many of these complaints, that you hear, and follow them to their ultimate conclusion you will find it is not the competition so much as it is the change in the fashion or in the industry, and that you will find to be true all along the line.

I want to file a statement a little later on with the committee, Mr. Chairman. I did not have time to make up any schedule of figures.

Senator COUZENS. Very well.

BRIEF OF THE LUMBER MANUFACTURERS OF THE NORTHWEST

The producers of lumber of the States of Washington and Oregon are attempting to maintain their business under a double disadvantage. Their competitors just across the line in British Columbia, producing exactly the same kind of lumber, have two material advantages: (1) A lower cost of production, (2) a lower cost of transportation to the markets of the United States.

The first of these advantages, a lower cost of production, arises principally from the fact that the British Columbia timber is more accessible, and the logs can, therefore, be delivered to the mill at less expense than the logs from the more inaccessible timber of Washington and Oregon. This point has been fully explained to your committee by numerous witnesses and will not be elaborated here. But the second disadvantage, the increased cost of transportation, under which the American lumberman labors, is just as important and has not been fully covered. We will, therefore, devote this brief to that particular point.

Under the coastwise shipping laws, no foreign vessel can carry cargo from one United States port to another United States port. Thus the American lumberman wishing to ship lumber, say from Seattle or Portland, to New York, Boston, Baltimore, or other Atlantic ports, must send his lumber in a ship flying the American flag. His British Columbia competitor, however, wishing to ship lumber, say from Vancouver to any port in the United States, is at perfect liberty to use a foreign ship. He may use a British, Norwegian, Japanese, or any other foreign ship that happens to be available. These foreign ships can and do carry lumber at a lower freight rate than the American ships. It is useless to argue why or how these foreign ships are able to carry freight at a lower rate than American ships. The fact is that they do.

Mr. C. S. Dant in his oral testimony explained one of the reasons for this difference in freight rates. He said that European ships having carried a cargo from Europe to Japan or other Asiatic port, could get home on a shorter route by coming across the Pacific and through the Panama Canal. If, on the way home, they could pick up a cargo of lumber at Vancouver for New York, they could afford to carry that lumber at a low rate, because the voyage to New York was on their way home. There are also other reasons why foreign ships can carry freight at a cheaper rate than American ships, such as lower cost of seamen's wages, etc. Whatever the reason, the fact is that foreign ships can and do make a lower rate than American ships.

The American manufacturer, therefore, who wishes to ship lumber from the Northwest to New York or other American port, and who is compelled by law to use an American ship, must pay a higher rate for the transportation of his lumber than his British Columbia competitor pays. This difference in freight varies from \$1.00 per thousand feet of lumber to \$2.50 per thousand. The average difference is approximately \$1.50 per thousand. These figures are well-known and can readily be verified by the Shipping Board or Department of Commerce.

Even the fact that the United States owns the Panama Canal furnishes no comfort to the American lumberman because he is compelled to pay the same toll as his foreign competitor, nor can he, in any way, escape the extra freight charge, because the shipping law compels him, if he ships at all, to ship in a vessel flying the American flag.

A specific example of how the British Columbia manufacturer of lumber enjoys a lower freight rate to Atlantic American ports is as follows:

The British steamship *Sheaf Mead* was chartered late in February this year to be delivered to charterers in March at Shanghai, to be redelivered north of Hatteras. The charter rate was \$1.15 per dead weight ton per month. As the *Sheaf Mead* is approximately 7,600 tons dead weight; the charter hire was at the rate of \$8,740 per month. She carries 4,000,000 feet of lumber. It cost the charterers \$10,300 to put the vessel in position for loading at Vancouver.

It required 12 days to load, 28 days to make the trip to New York, and 12 days to discharge her cargo. The charter hire was \$15,200, the fuel cost \$4,200, the canal tolls \$4,200, loading and discharging \$12,300, and port charges and miscellaneous \$3,000. This aggregates \$38,900. To this must be added the cost of getting the vessel to Vancouver, amounting to \$10,300, or a total of \$49,200 to transport 4,000,000 feet of lumber from Vancouver to New York, or less than \$12.50 per thousand feet.

At the same time the rate for American vessels from any port in the Northwest to Atlantic ports was \$14 per thousand. It thus cost the American manufacturer over \$1.50 per thousand more than the manufacturer in British Columbia to transport lumber to American markets on the Atlantic coast. On a cargo of 4,000,000 feet this difference is in excess of \$6,000.

The result is that the American lumberman of the Northwest not only must face the competition of the British Columbia lumber, which can be produced more cheaply because of its greater accessibility, but he must contend with a competitor who enjoys the advantage of a lower freight rate.

One of these disadvantages borne by the American lumberman is a disadvantage imposed upon him by nature, the other is a disadvantage imposed upon him by

law. Congress having made that law, and placed a burden upon the American lumberman in the interest of American shipping, ought to relieve the lumberman from this law-made burden, by placing an adequate tariff upon the product of his foreign competitors. A moderate duty of three dollars per thousand would be barely sufficient to equalize the disadvantage under which the American producer is now placed.

Respectfully submitted.

C. BASCOM SLEMP,
LOUIS TITUS,
Attorneys for certain Northwest lumbermen.

**STATEMENT OF HON. WESLEY L. JONES, UNITED STATES
SENATOR FROM THE STATE OF WASHINGTON**

Senator JONES. Mr. Chairman, I am sorry there are not more members of the committee present, but I know how those things are carried on. I am not going to take any of the time of the committee. We have several gentlemen here who desire to be heard, and we would like to have them get through as nearly as possible in the time set by the chairman. So I am going to present first to the committee, Mr. Lamb, of Hoquiam, Wash., who will discuss the subject of lumber generally, and also possibly in some particulars.

STATEMENT OF FRANK H. LAMB, HOQUIAM, WASH.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Will you state whom you represent?

Mr. LAMB. In order that you may understand my testimony, Mr. Chairman, I would like to give you something of my personal experience.

I was educated as a forester, but instead of taking a position in the Forest Service I went into the lumber business, and have been in the business since 1900. My major operation was sold in 1925.

I have been in touch with the so-called conservation movement in the United States, and was a delegate to the White House conference in 1905, and have followed it since.

In the last few years I have traveled quite extensively in various parts of the world studying the lumber business and forestry.

I want to call your attention to two passages in the President's special message, not because you need to have it called to your attention, but because I want to base my argument upon that.

The first passage I want to call your attention is that in which the President speaks in regard to the tariff on other industries than lumber, in which he says:

It would seem to me that the test of necessity for revision is in the main whether there has been a substantial slackening of activity in an industry during the past few years, and a consequent decrease of employment due to insurmountable competition in the products of that industry.

I hope to prove that the lumber industry is one of those industries, Mr. Chairman.

Senator COUZENS. Before you proceed on that line, may I ask if the Tariff Commission did not go into that very carefully at one time.

Mr. LAMB. I shall have occasion to refer to some of the figures of the Tariff Commission a little later.

Speaking of a tariff on agricultural products, the President said:

Such a tariff not only protects the farmer in our domestic market but it also stimulates him to diversify his crops and to grow products that he could not otherwise produce.

I hope to demonstrate that the growing timber is a farm crop and will be one of the crops which the farmers of the United States could well afford to engage in.

Addressing myself to the first contention, that the lumber industry has met surmountable difficulties, may I cite to you an income tax statement, the latest I have, for 1926. Instead of giving you the gross figures I have reduced it to percentages.

If you take all of the manufacturers in the United States, 40 per cent of the firms show a deficit, and the percentage of deficits to the net income was $17\frac{1}{2}$ per cent.

If you take the returns from the State of Washington, in which more than one-half of the industry depends upon the lumber industry, instead of 46 per cent of the firms showing a deficit, there were $48\frac{1}{2}$ per cent showing a deficit, and instead of $17\frac{1}{2}$ per cent of deficits as compared with net income, we have 48.8 per cent of deficits.

Now, taking up the lumber and wood products industry by itself. In the United States as a whole, 41.6 per cent of the firms show a deficit, and the percentage of deficits was 45.8 per cent.

In the State of Washington, as against that figure for the whole industry, 55.6 per cent of the firms show a deficit, and the deficit was 50.9 per cent of the net income, and in the State of Oregon the figures are not so good; 52.7 per cent of the firms show a deficit, and the deficit was equal to 59 per cent of the net income shown by those who have a net income.

Senator COUZENS. Do you propose to tell us in your testimony why over half of these concerns made a profit and the other half did not?

Mr. LAMB. I will. The lumber industry's net assets were \$3,500,000,000, according to the income-tax statement, and the net income, less deficits for the industry in the whole United States was a little over \$103,000,000, which is 2.8 per cent of the net investment in the industry. I submit that that is not a very good return, and I will show you, as you have suggested, where that 2.8 per cent came from, in major cases. My personal knowledge of conditions in Washington, and the fact that I see quite a number of these leads to this statement, that those firms which have been able to show a gain have done it entirely because of the appreciated value of standing timber.

Senator COUZENS. Of course, that is not taking into account the cut, is it?

Mr. LAMB. Yes, sir.

Senator COUZENS. How is it taking that into account?

Mr. LAMB. Because the costs of many of these firms are based upon timber held previous to the year 1913, and the basic figure used for estimating gains dates from March 1, 1913, on timber bought since 1913, along in 1916 or 1917, as much of my own timber was bought, and bought at prices which were very materially below present prices of timber, and therefore when it is realized it shows a very considerable net profit.

The average returns to the lumber industry in the State of Washington at the mill is now about \$21 per thousand. I submit that no lumber concern, with very few exceptions—there are always exceptions—can buy logs and timber on the present market value and sell that timber at \$21 a thousand and make 1 cent of profit.

Senator COUZENS. You substantiate my statement that the depreciation does not show until the timber is cut or sold?

Mr. LAMB. It only shows when timber is cut, and then only of timber bought years ago and for much cheaper prices than prevail at the present time.

I also submit a statement of the National City Bank made in 1927, extending over five years for 104 firms engaged in the lumber-manufacturing industry in Washington and Oregon. The desire was to form a trust, if you please, and the National City Bank went thoroughly into the accounts of these firms to see whether it was advisable to do so.

The total assets showed \$278,000,000 for these 104 firms, and with liabilities of \$101,000,000, or a total net asset of \$176,000,000.

The net earnings of these concerns, including many of the oldest and most prosperous firms in the Pacific Northwest, after deducting operating expenses, depreciation, and depletion, but not for taxes, interest, and any possible dividends, were as follows:

For 1922 the net return, the net income on earnings, amounted to \$9,715,000, or 5.5 per cent of the net investment in the industry. That did not include taxes and interest, or any possible dividends.

In 1923 the net earnings were \$17,341,000, or 9.6 per cent of the net investment, not including taxes, interest, or provision for dividends.

In 1924 it amounted to only \$253,000, or 0.14 of 1 per cent, with taxes not paid and interest not paid.

In 1925 it amounted to \$1,873,000, or approximately 1 per cent, without provision for taxes or interest.

But in 1926 they were unable to meet their operating expenses and showed a deficit of \$105,000, and added to that must also be the unpaid taxes and interest, and, of course, no dividends.

I want to show you the result of this condition on that very lumber industry in the Pacific Northwest. To-day the industry is operating on 75 to 80 per cent capacity, by general consensus, because to operate to any larger capacity would overstock the market and reduce prices. This reduction has taken place since the beginning of 1928, and has had marked results in the increased returns reported to you as coming to the lumber industry in 1928.

Senator COUZENS. How was that agreement arrived at?

Mr. LAMB. There is no agreement.

Senator COUZENS. How did you fix it so you would only produce 75 per cent of the capacity?

Mr. LAMB. The different operators have curtailed their output from time to time. There has been no consensus, but simply from the general recognition of the fact that to operate at full capacity would be suicide and the man who did it would be crazy.

Senator COUZENS. Why is not that applicable to the farming situation?

Just how did you agree in the lumber industry to overcome what does not seem possible to overcome in the farming industry?

Mr. LAMB. I suppose it is done in the same way as in the steel industry and other industries. If the lumber industry as a whole would not be able in any measure to control its production the industry at one time or another would be swamped. The logging camps of Puget Sound were closed this year for a period of from 60 to 90 days.

Senator COUZENS. In that connection, I would like to have it made plain here why this statement of the whole industry is included in your statement, when as a matter of fact it may be affected by other causes than importations. It might be affected by substitutes, which are quite a factor in curtailing the use of lumber, are they not?

Mr. LAMB. Yes.

Senator COUZENS. That might be a factor, in addition to the tariff.

If you made the same sort of a statement with respect to retail grocers you would find they would show practically a worse statement than you show, but that is not due to anything that the Government can correct; it is rather due to the chain store system, or the evolution in industry.

I want it clear on the record that this situation may not be wholly due to importations.

Mr. LAMB. I have not reached the argument in reference to the relation of this situation to the tariff as yet.

Senator COUZENS. I understand, but I do not want the record to go unchallenged that this whole terrible picture you are painting may be wholly attributed to importations.

Mr. LAMB. I am not making that claim.

Senator COUZENS. I thought you were, because you are painting a pitiful picture of the whole lumber industry.

Mr. LAMB. I am basing my observations upon official statements which can be readily substantiated. I think you would agree that statements from the Income Tax Division would be fairly accurate, and that statements made for possible bonding purposes by a national organization would not be unduly optimistic.

Senator COUZENS. That same picture could be painted of many other industries that are not in any sense affected by the tariff, and I do not want the impression to be in the record that we are controlled by the fact that the industry shows a very unfavorable condition.

Mr. LAMB. I am simply showing this condition exists.

Senator COUZENS. But I want it understood that that is not all attributable to the tariff.

Mr. LAMB. The situation in reference to shingles and the shingle mills will be presented to you later.

We have numerous examples of plants which are going out of business. There was one sold in the last few days, and it is due to this situation. Mills that are without standing timber upon which they can realize are unable to continue in business. Against that will be cited the fact that some additional new mills are going in, and I say that in every instance of that sort the construction of these mills is absolutely to realize upon timber stumpage, and to get something out of the material as soon as possible.

I am interested in companies, one in particular, that is realizing on its stumpage, and it shows a gain just as these companies do which I cited to you, which show a profit. I claim the major part of that is due to realizing upon stumpage.

I am also interested in another company, a purely manufacturing company, which has no timber at the present time, and it has been impossible in the last five years to show any profit, and I challenge anyone to demonstrate how, on the present cost of timber, a mill can operate and produce lumber at the average mill prices in Washington and Oregon and make a profit.

Senator COUZENS. Is that situation in connection with your concern due entirely to competition from Canada?

Mr. LAMB. Partly, as I will try to show you.

The handicaps which, according to Mr. Hoover's definition, that the lumber industry is meeting with, as compared with manufacturers in British Columbia and other parts of Canada, are briefly as follows:

The United States Tariff Commission, in its report issued on July 1, 1925, on page 10, in regard to logging conditions on Puget Sound, showed that there is an average less cost for stumpage in British Columbia of 70 cents per thousand. I think the committee understands the stumpage arrangement in British Columbia; it is on a royalty basis.

During 1923 the same report shows that the average royalty paid on lumber cut in British Columbia by some twenty firms is 47.1 cents.

I was in the logging industry actively at that time on the Washington side, in much similar timber, perhaps somewhat better located and we were paying an average of three and a half to four dollars a thousand for stumpage at that time.

The matter of taxation comes into the price of stumpage. According to the reports of the Forest Service, the average taxation on the lumber output of Oregon and Washington in the year 1925 was \$1.60. Remember, gentlemen, that is the taxation.

In British Columbia you have a tax of \$140 for 640 acres, or practically a nominal tax, that does not equal the tax, in many cases, per acre in the United States.

Without going any further into the relative cost of stumpage, we will take the Tariff Commission's figure as 70 cents, which is a minimum. It is much more than that in most cases.

The same report shows that the logging cost is greater in Washington than in British Columbia by 43 cents.

Then we have the freight cost, or the transportation cost.

Owing to the fact that we are compelled to use, under the coast-wise laws only American vessels, running to American markets, we have a higher freight rate by water into the East coast markets. That will be gone into more fully later.

But the difference ranges from \$1.50 to \$2.50 per thousand feet.

So, taking everything into consideration, we have an advantage in favor of the British Columbia manufacturer up to the mill of \$2.63. I am not going to claim any advantage for the mill, although in many cases there is an advantage.

In support of those figures, we present here a prospectus issued by the Detroit Company. Perhaps you have some knowledge of that company, Mr. Chairman. This prospectus is advertising the sale of \$200,000 of the Campbell River Timber Company (Limited) 6 per cent first mortgage gold bonds.

In the prospectus this statement is made:

The timber covered by this mortgage is held under lease and is subject to royalties fixed by the act of Parliament dated December 19, 1924. These royalties are payable on lease timber as and when logged at rates ranging from 75 cents per thousand feet to \$1.65 per thousand feet.

I am familiar with this timber; I am buying timber that has much less relative value at the present time for approximately \$5 a thousand feet in the State of Washington. This prospectus goes on to say:

In addition to these royalties, the company pays an annual fee of \$140 for each 640 acres.

Note this:

Among the advantages of Canadian-owned timber are: The owners pay only a small annual fee in lieu of taxes, which is much less than the taxes on timber lands in the United States. The royalties are payable only as the timber is cut, and definite rates fixed for a 10-year period by the Government. Lumber may be shipped to American ports in foreign vessels at lower freight rates than the rates of American vessels plying between American ports.

The people who got up this prospectus did not list all the advantages. I could list several more.

For instance, the fire and wind hazards are carried by the Canadian Government. Under the royalty agreement an operator can take only high-grade material, such as he can make a profit on and leave the other in the woods. We are compelled to market closely, and that accounts for very much that has been said regarding the shingle industry.

The stockholders of this industry are well known men in the Pacific Northwest, and I know practically every one of them is opposed to a tariff on lumber.

Senator COUZENS. What paragraph in the bill is this statement directed to?

Mr. LAMB. I think it is paragraph 1700.

Senator COUZENS. You are speaking about the old law. They are all now numbered in the 400's, or they are included in the 400 section of this proposed bill.

Mr. LAMB. This refers to the paragraph in reference to lumber other than cedar and soft woods.

Senator COUZENS. You do not know what section it is in the proposed tariff bill?

Mr. LAMB. No, I do not.

Senator JONES. I understand lumber generally is covered by this language; it is now on the free list.

Senator COUZENS. There are some proposed tariff rates in all sections numbered from 401 up.

Mr. SMITH. Section 1798 is the lumber schedule on the free list.

Mr. LAMB. Of course, Mr. Chairman, my argument applies not only to soft woods other than cedar, but it applies equally well to cedar shingles and more or less to cedar lumber and logs also.

It will be admitted that the importations of lumber in the United States are relatively small in amount; in fact, they are rather somewhat less than 5 per cent of the annual consumption of the country.

But I want to say to you that this amount of lumber has a localized effect in dumping onto the markets in the United States, and to demonstrate that I submit this:

For the first 11 months of 1928 Washington and Oregon shipped 1,576,000,000 feet to the east coast of the United States. British Columbia, in the same time, shipped but 263,000,000 feet, or 17 per cent of the shipments from Washington and Oregon.

The effect of 17 per cent of lumber dumped in any market is a very marked and serious one to the producers in that line.

In 1928 the amount of orders as compared with 1927 were 1.77 per cent, and in shipments 4.9 per cent of stumpage, and the increased sale price was \$1.43 per thousand, or nearly 8 per cent advance in the sales price; less than 5 per cent of stumpage and more than 8 per cent advance, and the conclusion was reached by the industry that over production was ruining the market.

Much has been said about labor conditions. I would like simply to put into the record the fact that oriental labor is employed in the mills of British Columbia, according to my best information, to the extent of 37½ per cent of the total employed. I do not claim it is cheaper; in some cases it is. Other parties will claim it is less efficient, but why would these employers employ it if it was not to their advantage?

May I add, what is the use of excluding oriental labor from the United States if you bring American labor into competition with an orientally produced product in our own country.

Considerable has been said regarding Russian importations. The present importations from Russia are of a comparatively small amount. The statement of the Russian trade commissioner shows that in 1927 only 10,000,000 feet came in; in 1928, 23,000,000 feet, and in 1929, 45,000,000 feet, and that his contract for 1930 is 60,000,000 feet, with the privilege of increasing that 15 per cent.

Last year I was in Siberia and parts of Russia and had a chance to study their lumber situation in that country, and I can best express it by referring to a statement made by the chairman of the board of directors of the Export Trade Corporation, Mr. Bron, when he says, after reviewing the situation in regard to lumber in the United States, that in looking into the matter he found there was great need for legislation on timber, due to the fact of its being rapidly depleted.

I want to agree with the head of that Russian organization that if the treatment accorded lumber previously by the United States Government is continued, that is what will happen. That is the statement of Mr. Bron, the chairman of the board of directors of the Export Trade Corporation.

May I say something with regard to the possible effects of a lumber tariff? I am not going to base my argument upon guesses or hearsay, but upon the record of the industry under tariff and without a tariff, because in the last 20 years we have operated under two different tariffs and under free trade at various times.

Senator WALSH. Do you control the stumpage and also the manufacture of lumber?

Mr. LAMB. And also shingles and cedar lumber and other products.

Senator WALSH. Your company therefore has both ownership in timber and is interested in manufacture?

Mr. LAMB. One company is a logging company and the other company manufacturers some lumber.

Senator WALSH. How many people do you employ?

Mr. LAMB. As to our logging company, my personal assets were sold in 1925, and we are not simply a holding company. The lumber company is employing about 500 men.

Senator THOMAS. Will you state again just what you are recommending to the committee regarding this schedule?

Mr. LAMB. I am recommending a tariff on lumber other than cedar of \$3 per thousand; that is, softwood lumber. Other speakers will

speaking for cedar lumber and for shingles. We ask for this tariff as a matter of the prevention of dumping.

During the past month British Columbia sold 40,000,000 feet in the east coast markets of the United States, and 40,000,000 feet sold under those conditions that I have already cited means that the returns to the Oregon and Washington lumbermen have been greatly reduced, and that month's sale has resulted in the returns to the mills of Puget Sound being reduced of from \$1 to \$1.50 as compared with a few months ago. I claim that a tariff of that sort will minimize the disparity in mill prices and be a benefit to American lumbermen in relation to mill prices.

I have here the figures in reference to the returns on Douglas fir at the mill, from 1899 to 1925, as reported by the Forest Service and the census. There have been two different tariffs during that time, first at \$2 a thousand, then \$1.25 a thousand, and since 1913 there has been free trade.

If you will go over the figures you could not possibly tell what year the tariff went into effect or when it was taken off, from the value of the lumber at the mill.

Senator THOMAS. What about the quantities?

Mr. LAMB. I will come to that.

Senator COUZENS. In Schedule 401 there is a provision for \$1 a thousand, and you want it raised to \$3; is that correct?

Mr. LAMB. I do not know of any dollar a thousand. That is the request.

Senator COUZENS. You are just speaking of lumber?

Mr. LAMB. I am just speaking of lumber.

Senator COUZENS. What do you think about the tariff on logs?

Mr. LAMB. I think the log tariff of \$1 a thousand is in line and is an absolute essential, as I will demonstrate.

Senator COUZENS. And adequate?

Mr. LAMB. Yes, it is adequate.

Senator WALSH. As I understand your position, you want all lumber that is on the free list now, that is not on the dutiable list to-day, made dutiable at \$3 per thousand?

Mr. LAMB. \$3 per thousand.

Senator COUZENS. And the House gave you no protection on that at all?

Mr. LAMB. The House gave us no protection on that at all.

Senator WALSH. Have you any information showing the amount of lumber that is imported into this country under that paragraph?

Mr. LAMB. Yes.

Senator WALSH. And the kinds of lumber?

Mr. LAMB. A duty of \$3 a thousand will have no appreciable effect on the volume of importations. In fact, the changes in the duty from 1909 from \$2 to \$1.25 and then to free lumber have had absolutely no effect upon imports.

Senator WALSH. Why do you want a duty? Is not the purpose of placing a duty upon imports to check them?

Mr. LAMB. Not necessarily. It is to prevent dumping lumber at cutthroat prices onto our present markets and to prevent violent swings in lumber returns at the mill.

Senator COUZENS. In other words, it enables you to raise your prices?

Mr. LAMB. To stabilize prices.

Senator COUZENS. It raises your prices, does it not?

Mr. LAMB. It raises the average return. It might not raise the peak one cent, but it will raise the average return. If I go to the New York market with 40,000,000 feet of lumber from Russia or any other place and put it on the market to-day, the returns for some time to come to the retailers are going to be materially reduced, because that is such a supply that the market can not readily absorb.

Senator WALSH. The same thing happens when any mill in this country dumps a supply upon the market suddenly and unexpectedly.

Mr. LAMB. Certainly. In 1907 we imported 934,000,000 feet, and in 1908, 79,000,000 feet and in 1909 846,000,000 feet. At that time the duty on lumber was reduced from \$2 to \$1.25 a thousand.

In 1910 it was 1,053,000,000 feet, in 1911 846,000,000 feet, in 1912, 1,025,000,000 feet, and in 1913 it was 969,000,000 feet.

You will note that up to 1913 we had reduced the duty from \$2 to \$1.25, and there had been, as an average, no great change in the volume of lumber imported into the United States.

In 1913 the duty was taken off, and in 1914 we imported 910,000,000 feet; in 1915 we imported 1,047,000,000 feet, just a little bit more than in the previous year.

In 1916 we imported 1,216,000,000 feet; in 1917 we imported 1,198,000,000 feet; in 1918 we imported 1,260,000,000 feet; in 1919 we imported 1,444,000,000 feet; in 1920 we imported 1,338,000,000 feet; in 1921 we imported 1,083,000,000 feet; in 1922 we imported 1,554,000,000 feet, and the year 1923 marked a high peak of importations, the amount being 1,959,000,000 feet.

In 1924 we imported 1,772,000,000 feet; in 1925 we imported 1,815,000,000 feet, and in 1927 we imported 1,633,000,000 feet.

After all these years in which we have been talking conservation, protecting our timber by importing free timber from Canada, our importations are only 40 per cent more than they were in 1909.

Senator WALSH. Where did this lumber come from?

Mr. LAMB. The great majority of it came from Canada, practically all of it.

Senator WALSH. What percentage is that of the total consumption in those years?

Mr. LAMB. For the year 1925 it was 4.7 per cent, and it averaged practically that amount. It ranges around less than 5 per cent for practically any year.

Senator WALSH. You want a duty of \$3 per thousand on that?

Mr. LAMB. That is what I am asking for.

Senator WALSH. And if 2,000,000,000 feet of lumber came in that is now on the free list, as happened in some years—

Mr. LAMB. In one year.

Senator WALSH. You want a duty of \$3 per thousand on it. How much would that be?

Mr. LAMB. It would be about \$5,000,000.

Senator WALSH. Of increased prices to the American public?

Mr. LAMB. We are not going to admit it is going to be reflected any more than the duty on automobiles of 25 per cent is reflected in the prices of American automobiles.

Why not have a tariff on the dominant industry of the Northwest?

I happen to have traveled in many countries of the world and have seen American automobiles compete with foreign automobiles all

over the world. Does the duty of 25 per cent increase the cost of American automobiles to the American public?

Senator COUZENS. I do not think that is any analogy at all.

Mr. LAMB. I am simply citing that as a fact.

Senator COUZENS. I do not think it has any relation here.

Senator THOMAS. Are 5 per cent of American operated motors imported?

Mr. LAMB. Five per cent? I can not be sure of that. There is some percentage imported, perhaps 5 per cent.

Senator THOMAS. Is it as much as 1 per cent?

Mr. LAMB. It is very small.

Senator THOMAS. Then it seems to me it would not be an analogous case, inasmuch as 5 per cent of lumber is imported.

Mr. LAMB. Why would that affect the price of production?

Senator THOMAS. I am asking for information.

Mr. LAMB. I do not know.

Senator COUZENS. I do not understand that the motor manufacturers have asked for a tariff.

Mr. LAMB. They got it.

Senator WALSH. The expert says it was put into the bill without the manufacturers petitioning for it.

Mr. LAMB. For instance, take some of the things that we use, some of which are taxed as high as from 25 to 45 per cent. I do not claim that these tariffs have increased the cost of these things to us. I think the same thing applies to lumber that applies to these other things, and that is that the protection afforded these industries, which has prevented their competitors from dumping has enabled these industries to build up their industries to where they have been able to compete on equal terms with a similar industry in any part of the world.

Senator COUZENS. Is this rate based upon the difference in the cost of production at home and abroad?

Mr. LAMB. I have already stated the difference in cost between British Columbia and Washington. There is a differential there, not counting some other factors, of at least \$2.63 per thousand.

Senator COUZENS. Those are not the figures shown by the Tariff Commission?

Mr. LAMB. Those are the figures shown by the Tariff Commission for the item of stumpage, for the item of logging, and with the item or the figures added of transportation rates, which will be gone into by another speaker.

Senator WALSH. You want a tariff duty levied that will stabilize the business and prevent dumping, and you have not attempted to fix the rate upon any scientific basis of the difference in cost of production here and abroad?

Mr. LAMB. A duty of \$3 a thousand is not a protective duty; it is not a prohibitive duty. Figured on this basis, the average cost of the lumber to the consumer is less than 6 per cent, and I think no protectionist will admit that 6 per cent ad valorem gives any measure of protection or is prohibitory in any respect, but that the utmost it can do is to prevent dumping and prevent a demoralization of markets by the dumping of excess production from other countries on top already burdened markets.

Senator WALSH. You do not claim that in times of distress or a shortage of any given commodity, that the tariff does not become effective?

Mr. LAMB. It might. We have never had that situation.

Senator WALSH. When there is overproduction and extensive competition in the domestic market, the tariff rate fixed may not be effective, but in times of distress and shortage it almost invariably is; is not that true?

Mr. LAMB. That situation has never arisen in the lumber industry in the time I have been engaged in it, with the exception of 1919 and 1920, when it was due entirely to an inability to ship, due to car shortage. The second argument which I want to bring out is that lumber is a crop, that it is not a mine, and this word "conservation" which we have been bandying back and forth for so long a time has promulgated a false doctrine, and the most miserable failure of any doctrine ever promulgated in America.

Senator COUZENS. What would you say as to crop rotation, how many years?

Mr. LAMB. That is a question that can not be generalized on because every locality has its particular crop rotation.

Senator COUZENS. Will you give us some idea about it from your experience?

Mr. LAMB. In the Douglas fir in Washington and Oregon, under present market conditions, we can count upon rotation for lumber, of about 60 years. Perhaps it might be held up a little longer. For pulp wood, it might be from 25 years up.

I have some cut-over lands which I have refused to burn, as the Government of the United States, through the Forest Service practically required everybody to do until the last three or four years, and that now has relizable returns in the form of pulp wood.

Senator COUZENS. How old is that?

Mr. LAMB. It started 28 years ago. It runs from 25 to 28 years old.

I have some figures here in reference to timber supplies. Taking the Forest Service figures, we find that 2,215,000,000 feet of timber is the average in the United States; taking the figures of the American Tree Commission, there is in Canada 424,000,000 feet or a total of 2,639,000,000 feet in the United States and Canada, of which softwood is 82 per cent and hardwood 18 per cent.

If we take the 40,000,000,000 which we are cutting now, we would have on that basis 55 years in the United States, and 10.6 years if we took all of the Canadian supplies.

Those figures are practically worthless except as measuring sticks, because the amount of timber in the United States depends on market conditions.

If you put a tariff on timber there will be more timber in the United States to-morrow in the way of increased value, because it will enable every operator to take more material out of the woods.

Senator THOMAS. You have just given some figures to us. We had a witness before us at this hearing who testified that in from 15 to 18 years our lumber forests would be depleted, that we had not to exceed 500,000,000,000 feet of lumber in both the United States and Canada. I want to know the source of your information.

Mr. LAMB. The source of my information is the figures in the publication of the Forest Service. It is their data book as to forest figures.

Senator THOMAS. Your testimony is that it is——

Mr. LAMB. Twenty-two hundred and fifteen billion feet for the United States. The figures for Canada are from the American Tree Association publication, of 424,000,000,000 feet. I have no means of verifying that. I have seen the figures from Canada stated to be all the way from 400,000,000 to 650,000,000.

Senator THOMAS. That would make a total amount in excess of what figure?

Mr. LAMB. Two thousand six hundred and thirty-nine billion for hard and soft woods.

I appeared before the House Ways and Means Committee in 1909, and the Forest Service then put in the record a statement that the timber of the United States was from 1,400,000,000,000 to 2,000,000,000,000. So their figures at the present time are greater than they were 20 years ago. Why? Because the value of timber has gone up two or three times, and it has brought into the market timber which you could not possibly utilize. So as prices increase these figures will increase necessarily.

I have already given you the imports and the consumption, which shows that the imports have been less than 5 per cent during any one year, or an average of about $4\frac{1}{2}$ per cent.

Are we conserving our forests by admitting Canadian lumber and only getting 5 per cent on our material? If we were getting 35 or 50 per cent of conservation by holding our own timber, there might be some justification for it. But after 16 years I say that doctrine has been the most miserable failure of any doctrine ever put forth. It is based entirely upon a wrong conception, that is all.

I am as good a conservationist as anybody in the country, but you can not handle timber in that way. Timber is a crop that can be grown the same as potatoes and wheat, and the only true conservation is to grow it that way.

The next thing is to have the tariff for encouraging timber growing. I have already referred to the stabilization of prices for the prevention of dumping, and that will be reflected primarily in the increased operating returns.

Who is going to profit? The national forests comprise 137,000,000 acres, and State lands comprise 11,000,000 acres, making the total amount in public ownership over 140,000,000 acres.

The farm wood lots are the next largest owner of stumpage lands in the United States, and they comprise, according to the Census Bureau, 142,000,000 acres.

That leaves, according to the Forest Service, 243,000,000 acres in the United States, and much less than 50 per cent of the area in the hands of "timber barons" which includes some large owners and thousands and thousands of small owners, like myself.

Mr. Greeley, who was the Chief Forester of the United States, put this on a different basis, and he claimed that the Federal Government owned 89,000,000 acres and the States 11,000,000 acres, making 100,000,000 acres of virgin forests in public ownership, with farm wood lot lands amounting to 127,000,000 acres, and all others

243,000,000 acres, or a total of 470,000,000 acres of forest lands in the United States.

The Federal Government is the owner of more than 20 per cent of the standing timber of the United States. According to the Forest Service 552,000,000,000 feet against two thousand two hundred and fifteen billion feet, which I have already given you.

Take, for instance, the State of Washington. The Federal Government is holding 22½ per cent of the total area of the State. They hold a larger percentage in Oregon, and I think not quite so large a percentage in Idaho. They are holding 30 per cent of the standing timber in Washington to-day.

Up to 1927 the Federal Government had sold practically \$18,000,000 of timber off the forests in the States of Washington and Oregon.

I want to submit in that connection, although it is not germane to this discussion, that in the last seven years the Federal Forest Service has planted the insignificant total of 11,000 acres in the sixth district, and it cut from those forests 2,300,000,000 feet of timber.

Senator WALSH. Is it your point that if we levy a tariff duty we would increase the price on these forest lands so the Government will benefit, and the States and the individual owners will benefit? Is that your point?

Mr. LAMB. That is it exactly.

Senator WALSH. And of course, increasing the tariff is at the expense of the public?

Mr. LAMB. I have not admitted that principle, that the duty will increase the price paid by the consumer, and I am not going to admit it.

Senator WALSH. Is not that class legislation?

Mr. LAMB. It is. Let me cite one instance. Day before yesterday the Indian Service sold 3,000,000,000 feet of cedar and hemlock in the State of Washington. Would it be class legislation, or is it class legislation to permit that to be in competition with the free lumber of Canada and deprive the Indians, the wards of the Government, of the increased return which they would get by a moderate, leveling duty on Canadian lumber?

Senator WALSH. Is timber land increasing or decreasing in price at the present time?

Mr. LAMB. The value of stumpage is decreasing and it has for the past four or five years, and is at the present time.

Senator WALSH. Is not that true of every single particle of real estate in the country, farms, homes and business property, except in a few large cities in key positions?

Mr. LAMB. It is true in the lumber industry, and the pressure brought to bear upon owners because of excessive taxation.

Senator WALSH. It is not true in the coal industry and the textile industry.

Mr. LAMB. I do not know anything about that. The State of Washington owns 1,300,000 acres of land donated to it by the Government, part of which it sold for \$25,000,000, for the benefit of the school children of the State. It has left, at present prices, probably more than \$100,000,000 of assets. Is it class legislation to protect the interests of the school children in the State of Washington against free lumber from Canada, with their stumpage conditions as to royalty, and lack of taxation, which we do not have in this country. Are we

going to pay 61 per cent of the taxes for the support of the schools and then waste the assets given to help support those schools by the Federal Government?

In the sixth district there is a total of about 600,000,000,000 timber out of 2,200,000,000,000 in the United States, or between 30 and 40 per cent. The national forests have more than a third of that, and of that 142,000,000,000 feet is Douglas fir, in which there is great competition. Also there is 18,000,000,000 feet of cedar, upon which we are requesting a shingle and cedar lumber duty.

As I have already said, day before yesterday the Federal Indian Service sold 3,000,000,000 feet of timber at a price that was ridiculous, in view of the fact that it was placed in ruinous competition with the cedar of British Columbia.

Senator THOMAS. Was that sold to the trade?

Mr. LAMB. Yes.

Senator THOMAS. What did it bring?

Mr. LAMB. I do not recall the exact prices, but about \$2 a thousand. Mind you, my company has timber very close to that, which we bought and have been paying taxes on for a number of years, and which stands us now in the matter of costs more than \$4 a thousand.

If the returns are increased as a result of the tariff, who is going to get the benefit? The Federal Government first, then the owners of wood lots next, and third the individual owner.

Suppose we get a little of it? When the income-tax man comes around he will get a larger portion of it, based upon the 1913 costs. That has been my experience in the past, 12½ or 13 per cent, and we feel safe to say that the balance of it, a good part of the balance, will be taken up by local taxation.

Then in 22 States there have been yield taxes enacted under which, if there is any increase in operation, returns would inure directly to the benefit of the State.

In the State of Michigan you passed one of the best yield tax laws we have seen for a long time.

Senator COUZENS. Is that a law like they have in Louisiana?

Mr. LAMB. Yes. Twenty-two States have passed those laws to encourage the growing of timber, by which to enable it to be produced and making the returns a little more certain.

I am going to suggest, because of your interest in conservation, so called, two measures. Why, if it is a tax upon the consumer—granting the gentleman's statement that it is—why not take the \$5,000,000 a year and use it for planting trees? The only way I know of to conserve timber is to grow it as you need it. It will die off in 100 or 200 years.

Senator THOMAS. According to the testimony you have just given, we would not get enough out of the fine timber now to do what you want?

Mr. LAMB. Oh, yes, we would, at two or three dollars a thousand. Most of the land will grow 30,000 feet to the acre, and your planting costs would be from \$8 to \$10 an acre.

Senator WALSH. I understood you to say a while ago that the Government did not deserve any credit for the conservation policy, but that it was the individual landowners.

Mr. LAMB. I want to modify that with this statement, that the Government has been of inestimable aid in that direction.

Senator WALSH. Is it not of estimable aid in educating the people to the importance of conservation, in passing legislation and leading the way, and getting the idea in the people's minds to conserve the forests?

Mr. LAMB. Yes; to that extent.

Senator WALSH. I thought you would admit that.

Mr. LAMB. Twenty-five per cent of the sales of national forest timber goes to the county and I think 10 per cent to the roads. Why not take the balance of that and use it to build up depleted forests by replanting?

I would like also to submit that it is a desirable thing to decrease the transportation costs of American lumber. That is most important factor because the major increase in the cost of lumber to the consumer in the last 20 years has been due to transportation costs from the various centers. In 1924 that cost was \$9.63 a thousand, and in 1928 it was about \$11.50 a thousand.

We are relying upon the 424,000,000,000 feet of timber in America to supply this country. When that is gone, where are going you—to Siberia? And if you do—that is the only place I know of—the timber is going to cost you more than it is to-day, and it is going to cost more over here.

The way to get cheap timber is the way France does, to grow it as near as possible to the point of consumption, and make the conditions so it can be grown at that place.

I want to give the experience of some foreign nations because I think we can learn something from other countries. I am going to cite the case of the Japanese. They started forestry agitation about the same time we did, about 30 years ago, and up to the present time they have built up their forests, until about 75 or 80 per cent of them are self-supporting forests, and the value of the forests is increasing on the consistency yield basis.

Feeling that the pressure of competition was too great in connection with this country, they materially increased the tariff on lumber products, and on red cedar, which is brought to America in large quantities, the tariff ranges from 8.73 yen, which is \$4.37, to \$6.37 per thousand. On white or yellow cedar it is more than \$12. On hemlock it ranges from \$4.87 to \$7.37 per thousand, and on Douglas fir it is something like that. They import 1,400,000,000 feet from the United States, which is about the same that we import from Canada.

I would like to quote the Japanese consul in explaining this increase in the tariff on lumber. He said it was to build up the returns from Japanese forests so they can go further in conservation.

I talked with Japanese foresters last October and November from Tokio all the way up into Korea, and every one of them made that statement, that we must build up our conservation and our timber-growing quality in order to have protection for the industry.

In Australia the tariffs range from \$2 to \$4, and in New Zealand there is a similar situation.

Most European countries have a tariff, particularly on finished products; all of them, with the exception of Norway, Sweden, and Finland.

In Canada there is a tariff on sawn lumber, when planed or dressed in any way.

I want to present the fact that the only way in which lumber nowadays is marketed, practically, is dressed at least on one side and one edge, and the duties there are $17\frac{1}{2}$ per cent on British preferential, and $22\frac{1}{2}$ per cent for the intermediate, with a general tariff which applies to lumber from the United States.

The duty I am asking for is about 6 per cent ad valorem. These countries also have preferential duties, and they help one another. That is a distinct handicap to American markets.

I want to give you something from some of the foresters.

Senator COUZENS. Is that in the House hearings?

Mr. LAMB. No.

Gifford Pinchot has said that a reduction of the duty on lumber would also lower the price on lumber and it would not be in the interest of forest conversation.

Another forester I want to refer to is C. A. Shenck, who is one of the great international foresters, and he says that as long as timber can be imported more cheaply than it can be grown at home none will be grown, and one-fourth of our fatherland—referring to this country—would lie idle. The lower the price of stumpage the greater the waste of stumpage. The checking of importations result in higher stumpage prices. No civilized country that practices conservation of forestry throws the doors to importation wide open. The country that desires to establish conservation of forestry must protect it.

The conservation movement has been inspired very largely by hostility to lumbermen, and it is refreshing to know that there are these foresters who have this view.

Colonel Greeley told me a number of times that forest protection was essential to the upbuilding of the forests of the United States. We are making progress in forestry. We are doing it as a business proposition by the business men who own the timber. We are doing a great deal more in a practical way in the way of planting and forestry reproduction by the Federal Government.

Eighty per cent of the redwood-tree land is being operated under conservation of forestry. The Long Bell Co. is planting 2,000 acres in Washington. I have a statement by the forester which I will not refer to any further.

There is one lumber company that is operating three forests on a conservation basis, and there is a pulp and paper company that is planting on a large scale, and I heard their forester recite that they cut 50 cords of pulp wood per acre from a 19-year growth.

For the benefit of those who are in the farming country let me say that the most outstanding returns have been from sales of timber on far woodlots.

In the State of New Hampshire, Mr. Greeley states that in 1887 a cut was made of a certain acreage that yielded 5,625 feet per acre. It was cruised in 1921 and showed a stand of 75,000 feet to the acre, valued at \$20 a thousand.

Three acres were planted in New Hampshire in 1877 at a cost of \$11 an acre and sold in 1897 for \$100 an acre, and in 1912 for \$333 an acre, and that is now held at \$506 an acre.

So I could go on and give you hundreds of instances of that sort, but time does not permit.

Much of the lands growing cotton would do well in timber. My father's farm in New Jersey is now well in timber, and it is more valuable for timber than it is for agriculture, 30 miles from Philadelphia.

There is a farmer in Washington who purchased 1,500 acres of cut-over land, with about 40 acres of farm land. I asked him what he was going to do with the balance, and he said he would grow fir trees.

The \$3 tariff is not prohibitive; it is not even protection. It is about a 6 per cent ad valorem, and it is less than in 1909, up to 1913.

I ask, why should the lumber industry be denied this protection. Why should we not have a tariff on lumber to strengthen the industry and cheapen production. Why should we not have a tariff on lumber to permit a closer utilization of forest resources?

A moderate duty on lumber would have saved more in the last 20 years in the utilization of American forests than we have ever imported from Canada. Why deny it?

I will tell you the reason. There are two elements behind the opposition to a lumber tariff, and they are hiding behind a smoke screen. They are saying that the ostensible purpose is to protect the farmer and the dear consumer.

The first one is the American owner of Canadian stumpage. I think I can say that practically every man who has spoken here against a tariff on lumber is a holder of timber lands in British Columbia.

Personally, out of my experience in the State of Washington, I only know one man who is not a holder of British Columbia stumpage who is not in favor of this tariff, and he is a Democrat who has not read the last platform.

Senator THOMAS. On yesterday we had submitted to us a series of books and pamphlets probably an inch thick, and I ran through those and I saw the names of a great number of firms and institutions and companies, and this was submitted to us as a protest against a duty on lumber.

Do you want us to understand that all those persons enumerated there are holders of stumpage in Canada?

Mr. LAMB. No. I would like you to understand that the great majority of them are lumber dealers who have nothing to do with production interests, and the lumber dealer, contrary to what is true in many other lines of business, does not seem to run parallel with the producer of lumber, but they are dealers whose interest it is to find lumber at the cheapest possible price wherever it comes from.

Senator THOMAS. The lumber dealers and lumber yards you think are favorable to the free entry of lumber?

Mr. LAMB. Almost invariably they are opposed to any tariff.

Senator THOMAS. Why?

Mr. LAMB. They want the opportunity to foster a United States market any time they want to.

Senator THOMAS. Don't you think in addition to that that they want to get their lumber as cheaply as they can so they can sell it as cheaply as they can in turn?

Mr. LAMB. It does not always follow that what a person buys for is the price he sells for. I have tried to demonstrate that the fact you can buy a surplus production at a reduced price is not necessarily reflected in the cost of the lumber to the consumer.

The other smoke screen, the other interest behind the opposition to a tariff on lumber, is the allied power, pulp, and paper interests which have raw material factories in Canada and their consumption plant in the way of newspapers and purveyors of misinformation in the United States.

I have just one further statement to make. It is said of Mahomet that on the eve of a great battle he was told that if the wages of his men were slightly increased the battle would be won without any question. Mahomet said, "Double the time and quadruple the wages." So I am content to rest my case in the belief that time and the inexorable logic of forest economics will prove the merit of my argument here. The quicker the United States accepts the fact and recognizes that every timber-growing country in the world is protecting the lumber and forest industry as a measure toward protecting lumber growing, the sooner we will be headed for level ground and better conditions for those in the business.

Senator WALSH. Has the price of lumber increased in recent years?

Mr. LAMB. Decidedly.

Senator WALSH. It is higher to-day than it was last year?

Mr. LAMB. Perhaps; but the returns to the mill last year have been slightly greater. Some claim they have been as much as \$1 or \$1.40 a thousand.

Senator WALSH. It has been a pretty steady increase in recent years, has it not?

Mr. LAMB. No; not steady. There was a very severe decline following 1920. I would like very much if you could see those averages over the years.

Senator WALSH. We have had some information along that line, but would you say in the main that the price of lumber to-day is higher than it has been in recent years?

Mr. LAMB. Just what do you mean by "recent years"?

Senator WALSH. The average for the last several years.

Mr. LAMB. Here I have Douglas fir at the mill—

Senator WALSH. We have not time to go into one particular item. What I want to know is whether in the lumber industry lumber is selling to the American public to-day at higher prices than it has averaged to sell in recent years?

Mr. LAMB. It is much less than it was in 1920 or 1921 or 1922.

Senator WALSH. Then the business has prospered?

Mr. LAMB. I said the business that was realizing upon standard lumber at that time a profit was doing so because of favorable investments made years ago.

Senator WALSH. Is your company earning money?

Mr. LAMB. The one that is realizing on timber is showing a gain. The one that is manufacturing is not.

Senator WALSH. So one of your companies is not making money and the other is?

Mr. LAMB. Yes.

Senator WALSH. Yet notwithstanding the fact that lumber is not selling at any higher price to-day than in the past, one of your companies is making money?

Mr. LAMB. It is realizing on stumpage, that is all. It is realizing on the basis of 1913 values, realizing on the costs of 1916, 1917, and on up to 1920.

Senator THOMAS. Do you export any of your products?

Mr. LAMB. The mill company, of which I happen to be a small stockholder, is an exporter to some extent.

Senator THOMAS. What per cent of its total output is exported?

Mr. LAMB. Five or 10 per cent.

Senator THOMAS. Do you get the same price for exported products that you do for local products?

Mr. LAMB. It is a different product. We are exporting certain grades of cedar which have no sale in America. They can not be compared. The material shipped to Japan, which is our principal export customer, is very largely a different product from what we handle in the lumber industry at home.

Senator THOMAS. Is your export business profitable?

Mr. LAMB. Sometimes it is more profitable than the domestic. It has its ups and downs. We have several different markets. We have a California market, an east coast market, a midcontinent rail, and we have foreign Japan, and we have foreign Europe. At one time one market is better than the others. They have their ups and downs.

LETTER OF D. F. HODGES, SECRETARY OF MIDWEST LUMBER CO.

DUBUQUE, IOWA, June 14, 1929.

Hon. HENRY W. KEYES,
United States Senate, Washington, D. C.

HONORABLE SIR: We understand that the tariff bill, H. R. 2667, known as the Hawley bill, passed the House of Representatives and is now before the United States Senate for action.

This bill provides for a duty on cedar lumber and shingles and maple and birch hardwood lumber.

If this bill becomes a law we can not see any other result but that the Canadian manufacturers will advance their prices sufficient to cover this tariff and that the Washington manufacturers of cedar lumber and shingles will follow this advance.

The farmers are the biggest users of red-cedar shingles and lumber in the United States, as most cities of any size have a building code which prohibits the use of wooden shingles.

It seems inconsistent to raise the price of building materials which the farmers so largely use and neutralize all the good effects contained in the increased tariff on the articles he produces.

We wish to emphatically protest against this tariff and would kindly ask that this letter be made part of the permanent record to be given consideration by the committee.

Yours very truly,

MIDWEST LUMBER Co.,
By D. F. HODGES, *Secretary.*

LOGS OF FIR, SPRUCE, CEDAR, AND HEMLOCK

[Par. 401]

STATEMENT OF J. H. BLOEDEL, SEATTLE, WASH., REPRESENTING THE NATIONAL ASSOCIATION, LUMBER AND SHINGLE TARIFF COMMITTEE

[Including cedar lumber, par. 401 (b)]

(The witness was duly sworn by Senator Couzens.)

Mr. BLOEDEL. I represent a committee of the organization opposed to a tariff on logs, shingles and cedar lumber, and I also represent my own company, the Bloedel-Donovan Lumber Co., of Bellingham, Wash.

I would like to speak in opposition to the tariff on logs, and in that connection in opposition to a tariff on cedar logs, which is part of the logs tariff, and because of its close relation, in opposition to the tariff on cedar lumber.

Senator COUZENS. Also on shingles?

Mr. BLOEDEL. And not on shingles. Shingles is a large subject and some other witness will testify on that.

Senator COUZENS. Do you desire to present what you gave to the Ways and Means Committee?

Mr. BLOEDEL. I do not in any special way. There is testimony we offered to them to which I might refer, but we have new testimony that we are trying to give here.

Senator COUZENS. Do you propose to present your brief which has been handed to me?

Mr. BLOEDEL. Yes.

Senator COUZENS. We do not desire to have it read if you are going to submit it.

Mr. BLOEDEL. I am not going to read a brief. I am going to discuss items I have mentioned in the brief, then file the brief as a complete statement. I shall endeavor to be brief.

Senator COUZENS. We do not desire repetition if you can help it.

Mr. BLOEDEL. May I explain the situation which brought about this opposition to the log tariff? This [exhibiting map] is a map of the Puget Sound district, and it is the only district in the United States that is affected by the log tariff. There is no importation of logs from Mexico or from other points in softwoods. This log tariff is limited to logs of fir, spruce, cedar, and hemlock, and they are produced in the softwood district in the West, not elsewhere.

Senator COUZENS. That is all in the Canadian district?

Mr. BLOEDEL. All in the Canadian district and American district, this map. This is the Canadian boundary line, and this section is a part of the State of Washington, the blue being the waters of Puget Sound, Strait of Juan de Fuca, and the Pacific Ocean. This map does not show the British Columbia extensions of those waters, going through British Columbia and over there into Alaska. There is practically an inland sea all the way from Seattle north to Ketchikan, Alaska, by means of these inland waterways. All of these inland waterways are timbered just the same as Puget Sound at one time was timbered, and when these logs from that land are put into the water, the waterway acts as a common means of transportation because they will float and they are put together into rafts, a towboat is hitched on to them, and the transportation is cheap because you can take a large quantity and tow them from Puget Sound to British Columbia, and vice versa. Those are inland waters and not subject to the hazards of the sea. These logs can not be towed to the sea and subjected to the hazards of the sea, but they can be towed inside.

There has grown up on Puget Sound and in British Columbia within the last 40 years a very extensive lumber industry. The mills are located at the boundary, at Bellingham, Anacortes, Everett, Seattle, Tacoma, Olympia, Port Angeles, and similar points there.

Senator COUZENS. Is Portland interested?

Mr. BLOEDEL. Portland is not interested because it is on the Columbia River and can not be reached by this same waterway.

Senator COUZENS. Portland has a different viewpoint than the rest of it?

Mr. BLOEDEL. Portland gets its timber from the Columbia River and the Willamette River. They get no timber from this section, which is Grays Harbor district.

Senator COUZENS. They do not want the tariff then?

Mr. BLOEDEL. There is no very strong sentiment among lumber manufacturers for the log duty. The sentiment for the lumber tariff arises from loggers and timber owners of the Puget Sound district. That is where the original request came from and that is why it was granted. There was no request from the Columbia River and no other section other than what might be called a supporting or sympathetic request initiated, however, from here. If I may be permitted I will refer to that question later.

Senator THOMAS. That is the only section of the country that is interested in the tariff on logs?

Mr. BLOEDEL. That is the only section interested in this tariff on logs because the tariff is limited to Douglas fir, cedar, spruce, hemlock, and various softwoods produced only in that section.

Senator THOMAS. That is limited to a section from the State of Washington?

Mr. BLOEDEL. Yes, a section of the State of Washington. No other section of the United States is affected. May I state a word about the history of the tariff. Every one of the mills that are here represented, are mills that are located at different points. I have the names of them here.

Senator COUZENS. You can put that in the record instead of reading them.

Mr. BLOEDEL. There are 20 or 30 of them.
(The list referred to is in part as follows:)

Morrison Mill Co., Blaine, Wash.
 Morrison Mill Co., Bellingham, Wash.
 Morrison Mill Co., Anacortes, Wash.
 Anacortes Lumber & Box Co., Anacortes, Wash.
 Fidalgo Lumber & Box Co., Anacortes, Wash.
 E. K. Wood Lumber Co., Anacortes, Wash.
 E. K. Wood Lumber Co., Hoquiam, Wash.
 Clear Fir Lumber Co., Tacoma, Wash.
 Tide Water Mill Co., Tacoma, Wash.
 Defiance Lumber Co., Tacoma, Wash.
 Peterman Manufacturing Co., Tacoma, Wash.
 Wheeler-Osgood Co., Tacoma, Wash.
 Bloedel-Donovan Mills, Bellingham, Wash.
 H. McCleary Timber Co., Shelton, Wash.
 Stanwood Mill Co., Stanwood, Wash.
 Bloedel-Donovan Lumber Mills, Seattle, Wash.
 Winton Lumber Co., Gibbs, Idaho.
 McGoldrick Lumber Co., Spokane, Wash.
 Shevlin-Carpenter-Clarke Co., Minneapolis, Minn.
 Kirby Lumber Co., Houston, Tex.
 McCloud River Lumber Co., McCloud, Calif.
 Yawkey-Bissel Lumber Co., White Lake, Wis.
 Silver Falls Timber Co., Silver Falls, Oreg.
 Pollys Lumber Co., Missoula, Mont.
 Brooks Scanlon Lumber Co., Bend, Oreg.
 J. Neils Lumber Co., Klickitat, Wash., and Libby, Mont.
 W. C. Geddes, vice president, Craig Mountain Lumber Co., Winchester, Idaho.

Senator COUZENS. Proceed.

Mr. BLOEDEL. When the Fordney-McCumber Tariff Act was proposed in 1922, there was no tariff on lumber or shingles, but there was a tariff of \$1 on saw logs. That was a bit of a surprise to all of us as there never had been a tariff on saw logs before. There had been a tariff in 1909, in the Payne-Aldrich bill, of \$1.25 on lumber and 50 cents on shingles, and in the Wilson tariff in 1913 that was

abolished. There never had been in the history of the country any tariff on logs.

Senator THOMAS. Did the influence that evidently got that \$1.25 on lumber come from Washington State interests?

Mr. BLOEDEL. Yes; the request was made from the loggers of Puget Sound, timber holders on Puget Sound. That is where the request was made from, and Mr. Fordney was chairman of the Ways and Means Committee at the time. He was a timber holder on the west coast. I do not know whether it had any influence one way or the other. I am mentioning the fact only.

Senator COUZENS. In other words, we can draw our own conclusions.

Mr. BLOEDEL. I am mentioning the fact only. He was in the Coates-Fordney Lumber Co. and sold out a year or two after he retired from Congress.

Senator THOMAS. I suggest that also Mr. Fordney is not now chairman of the Ways and Means Committee and also not even a member of Congress.

Senator COUZENS. He retired of his own volition.

Mr. BLOEDEL. Yes; he did. May I explain also my own position? I am president of the Bloedel-Donovan Lumber Mills operating four lumber mills, three shingle mills, and a box factory, these various industries employing about 3,000 men on Puget Sound. In 1911 I became interested in Canada by purchasing timberlands. I shipped a large portion of the logs to my American mills in Bellingham. I did not own a shingle or lumber mill in Canada until 1925. I employ in Canada between 700 and 800 men as against 3,000 men in Washington. If I thought a duty on logs, lumber, and shingles was a good thing I would favor it in proportion to my interests which favor the American side 3 for 1.

Senator COUZENS. Do you mean to say you are interested in timber you pointed out on the map?

Mr. BLOEDEL. I am interested on both sides of the American-Canadian boundary line.

Senator COUZENS. You showed the softwood timber on the map. Are you interested in that?

Mr. BLOEDEL. Yes; I am interested in the softwood timber on Puget Sound.

Senator COUZENS. Standing timber?

Mr. BLOEDEL. Yes.

Senator COUZENS. How much?

Mr. BLOEDEL. Three and a quarter billion feet.

Senator COUZENS. How much in Canada?

Mr. BLOEDEL. About 2,000,000,000 feet.

Senator COUZENS. You do not desire any protection on the 3,000,000,000 feet you have on the American side?

Mr. BLOEDEL. I do not need that.

Senator COUZENS. Proceed.

Mr. BLOEDEL. When the tariff act passed in 1922, under the flexible provisions in the tariff act we applied to the Tariff Commission for an investigation to have the duty cut in two. We were not encouraged to go ahead with it very much. In fact, the opposition was on the ground that the tariff of \$1 a thousand was largely retali-

tory; it was not a tariff in the sense of being a tariff. British Columbia, under the provisions of its timber act, held certain lands as Crown lands which were alienated for cutting timber, and not sold, but under the terms of that act they did not permit the export of timber except on permit. They have granted many millions of acres of what is called Crown grants and obtained bids on them. There are either no restrictions or modified restrictions. On a considerable area called the Dunsmuir grant, 50 miles wide and 200 miles long, there was a provisional restriction which provided that \$1, \$1.50, and \$2 be assessed as stumpage, respectively, for No. 3, No. 2, and No. 1 logs, when the timber was cut by the owner, and that it would be rebated if milled in Canada, down to 1 cent, but chargeable if exported.

The tariff act as it was passed was largely intended to hit the export tax. Through legal efforts on the part of owners of that timber in Canada, a decision has recently been rendered whereby that tax is declared in Canada to be unconstitutional, illegal, invalid. It has not yet gone to the higher courts, but it is assumed that the case is clear, that it will be supported in the higher courts, and that the timber of this area will be available and free to be exported.

Senator COUZENS. Is that the section of country in which you have interests?

Mr. BLOEDEL. I have interests in the Dunsmuir section, and I am interested also in the restricted area called licensed timberlands. I have interests, but the areas are separates, one on Vancouver Island and one on the mainland.

Senator COUZENS. You are vitally interested in that decision?

Mr. BLOEDEL. Yes.

Senator COUZENS. So that you can export without having to pay that duty?

Mr. BLOEDEL. Yes. The present tariff act, however, not only reiterates the former tariff act, which was retaliatory, but puts a duty of \$1 a thousand on logs, irrespective of the fact that they were in the restricted area.

The Tariff Commission applied to the Attorney General for a ruling as to their powers. He ruled that it was within their province to make the investigation, and in 1925 they made an investigation and report. A hearing of the industry was held in Seattle in March, 1928, a report was made by the Tariff Commission to the President. It was published at the time. Nothing has been heard of that report to date.

Senator COUZENS. What were the recommendations in the report?

Mr. BLOEDEL. I do not know. The commission's report was to the President?

Senator THOMAS. When was it submitted to the President?

Mr. BLOEDEL. In March, 1928.

Senator COUZENS. It never was published?

Mr. BLOEDEL. No; the report never was published.

Senator COUZENS. Under the law they are not published until action is taken by the President.

Mr. BLOEDEL. I believe so. I am making this point, that we made every effort to get relief under the elastic provision of the Fordney-McCumber Act, but up to date no action has been had on the matter one way or the other, and that is the reason we are here to request that the tariff of \$1 be abolished.

I might add that because of my mill being located at Bellingham, south of the boundary line, I had been getting a proportion of saw logs from my British Columbia holdings and from other timber holders in Canada. But when the \$1 per thousand tariff under the Fordney-McCumber Act penalized me, I stopped shipping from British Columbia altogether.

In other words, we now cut less of Canadian timber and more of American timber, and that is what we are doing now. In 1925 I found a shingle mill in difficulty in British Columbia—not a saw mill—and bought it and have operated that shingle mill in British Columbia since, and cut logs which otherwise would be sent to Bellingham. That is one very concrete effect the duty had on logs. It promoted manufacture in British Columbia.

Senator COUZENS. You do not want a duty on shingles?

Mr. BLOEDEL. I do not want a duty on shingles, no. I did not care about it in 1922; I was indifferent then because I could bring my logs over free, but I do not want it now.

Senator THOMAS. What effect would the tariff of \$1 a thousand, if in existence, have on the price of lumber at your mill?

Mr. BLOEDEL. It increases the price of lumber by just \$1.

Senator THOMAS. Who pays that increase?

Mr. BLOEDEL. It is carried on by us to the dealer.

Senator THOMAS. That is one place where the mill operator or owner has to pay duty?

Mr. BLOEDEL. Yes.

Senator THOMAS. Because you compete with the mills on the American side, using American raw material; they do not have to pay that dollar but you have to compete with them, naturally.

Mr. BLOEDEL. Yes. In fact, it works out this way. We might pay no more for the Canadian log than for the American log at our American mill than we can buy the American log for. If Canada can not export it we compete on the American side. The result is that the Canadian log stays in Canada and the American log or American timber is cut that much faster.

Senator THOMAS. When you buy Canadian logs do you take that \$1 per thousand off the price to the Canadian log owner?

Mr. BLOEDEL. Yes.

Senator THOMAS. In that case who loses?

Mr. BLOEDEL. The Canadian loses, but he does not ship. That is the point. That is an instance of owning timber on both sides. We cease shipping to the United States.

Senator THOMAS. With that system in force, do the American concerns using American raw material raise their prices because of the fact that we now have that \$1 a thousand?

Mr. BLOEDEL. That is the cause.

Senator THOMAS. The direct effect is that the Canadian log seller loses \$1 and at the same time the American consumer pays more for the American lumber.

Mr. BLOEDEL. It has an effect on other mills. There are industries such as sash and door companies, such as the Wheeler-Osgood Co., the Peterman Manufacturing Co., and Henry McCleary. These people buy logs of certain classes which are not always available on Puget Sound. They have to buy a selected log that is suitable for cutting into door lumber.

They buy what is called peeler logs, high-grade logs which are used for peeling and made into veneer. That has to be a very high grade log which they must secure where they are obtainable, and they are not always obtainable on Puget Sound. They buy a grade of logs also called shop logs, with coarse knots in them, and they cut trimmings between the knots into door stock, rails, and sills. Those logs are not always available on either side. They contend that they should have a free market for raw material for manufacturing the doors. The same thing is true in the manufacture of boxes.

Senator COUZENS. Do they want those doors and other manufactured material to come in duty free, too?

Mr. BLOEDEL. I do not know. They have not appeared.

Senator COUZENS. You are speaking for them in this other section of the bill.

Mr. BLOEDEL. They want what they call their raw material free.

Senator COUZENS. They want a free market for raw material but not the manufactured product?

Mr. BLOEDEL. I am not able to say as to that, but they do want their raw materials free. There is a provision in the bill, paragraph 401, providing that logs for pulp and paper, from spruce and hemlock, when so used, are admitted free. The paper industry—the pulp and paper industry—has become a very substantial industry on Puget Sound and on the Pacific coast within the last three years, and the paper and pulp men were here protesting against the log duty, and I think this provision provides for that particular purpose. But here is the anomaly of it. The Morrison Mill Company has a box factory and buys hemlock logs on the open market, sometimes Puget Sound, sometimes British Columbia. Part of their logs, the slabs, are the portions of their logs that go to the pulp mill, chipped and go into pulp, and part of it into lumber which subsequently finds its way into boxes for the apple and fruit people in California, the oil people in California, and sundry other purposes. How the customs collector can distinguish between logs used for lumber and logs used for pulp it is difficult to say, considering they all first go through the same milling process. It does seem that if logs can be imported free for one purpose they certainly should be imported free for the other, and especially as they hit the fruit producer of small fruits who has to have the wooden container.

I might add that the total log importation from British Columbia has never been a very serious inroad. It has amounted to approximately 2½ per cent of the total production of the State of Washington. The State of Washington has produced about eight and a half billion feet of logs for lumber per year. For Puget Sound, the only district affected by the log tariff, the total log production is three and a half billion feet. There are imported from British Columbia 150,000,000 to 200,000,000 feet per year. The importations have been relatively small, and part of these have been free under the former act but they will all now be dutiable.

Senator COUZENS. What increase does that show in the last five years?

Mr. BLOEDEL. I think it shows no substantial increase. I have a table which goes back only as far as 1922.

Senator COUZENS. What has been the increase in importations since 1922?

Mr. BLOEDEL. I will give you the figures in a few moments.

Senator COUZENS. If these figures are in your brief you do not need to give them now.

Mr. BLOEDEL. I can say it is very immaterial. The importations in 1922 were approximately 125,000,000 feet. They have run up as high as 200,000,000 and as low as 125,000,000 since that date. They have varied but they have not greatly varied beyond what they were.

Senator COUZENS. Is the reason for that because they have been unable to compete with the products in Washington?

Mr. BLOEDEL. I think the reason of it is that they have not seen fit to absorb the duty of \$1 per thousand for the purpose of exporting them and they found a market at home. Here are the quantities.

Senator COUZENS. Is not that protection for our American producer?

Mr. BLOEDEL. In logs and timber?

Senator COUZENS. Yes.

Mr. BLOEDEL. If that is the way you want to put it.

Senator COUZENS. Do you not believe in the protective tariff?

Mr. BLOEDEL. The general protective tariff, I do, where there is a difference in the cost of production, and I was coming to that topic.

Senator COUZENS. Proceed.

Mr. BLOEDEL. Where it is purely exclusion I do not. We imported in 1922 a total of 143,000,000 feet; in 1928, imported 143,000,000, exactly the same, but meanwhile they have varied from 174,000,000 to 288,000,000, back to 150,000,000 and down to 143,000,000.

Senator COUZENS. All that time they have been paying \$1 a thousand?

Mr. BLOEDEL. Yes; on these logs which came in on that exclusion. On the question of cost I know what the costs are on both sides because I operate camps on both sides. The commission have prepared a report which is on file, dated July 1, 1925, and they found there was an average cost covering a number of camps in British Columbia of \$14.18 at tidewater, but not delivered at the point of consumption. American logs cost \$14.90 produced at Bellingham. If I may point to this map, when I say at tidewater it means in British Columbia at the camp. Under the ruling of the commission the towage charge was a proper charge to add to the cost of production and the towage charge under that report was assessed at \$1.77 per thousand from the British Columbia mill to the American mill. This left the average cost of the Canadian log 72 cents per thousand over the American log delivered at common points, like Bellingham. There is, therefore, no necessity for a duty to equalize the costs between the two countries. If logs were transported farther up the sound to Everett, Seattle, or Tacoma, it would be from 100 to 150 miles additional towage, and that additional towage would be an additional cost above the 72 cents. May I give you some further cost information from my own camps—one in Canada and one in Washington?

In 1927 the cost was \$10.82 for logs in Bellingham. My cost in British Columbia was \$10.51, and my additional towage cost on the Canadian logs would be \$1, making \$11.51 for my cost plus \$1 tariff, making the cost \$12.51, and so naturally I didn't send them in. In 1928 our Bellingham log cost was \$11.73 owing to some unusual physical condition, not a normal condition. Our costs in British

Columbia for the same period were \$10.47, practically the same as they have been. In each case it did not pay to bring the Canadian logs to Bellingham so they were cut in Canada.

There was one other point. The method of measuring logs was not touched upon by the commission. It is generally known in the industry, in the trade, that the British Columbia scale or measurement is from 10 to 15 per cent higher than the Washington scale. Washington uses the Scribner rule, and British Columbia scales logs with the British Columbia rule. American mills get from 10 to 15 per cent more lumber on the American scale from the same log than does the Canadian.

Senator COUZENS. In other words, the American system applied would reduce the costs of the American logs?

Mr. BLOEDEL. You would get more lumber, reduce the cost of the American and increase the cost of the Canadian log.

Senator COUZENS. But you have not taken that into account?

Mr. BLOEDEL. Not taken into account, because not taken into the commission's statement, and I am using the commission's figures because it is a matter of record.

Senator THOMAS. You are opposed to \$1 per thousand. What effect has the present tariff of \$1 a thousand on the price of lumber?

Senator COUZENS. I understood the witness to say it did not have any effect because of the competition with the American products.

Mr. BLOEDEL. Yes, I think you will find that is the answer. I suggested it is more or less passed along to the consumer. I can not say definitely that \$1 per thousand is passed along to the consumer, to the retail yard man, but it does restrict free production of saw logs and by that process does increase the cost of the manufacture of lumber in Puget Sound. It increases the cost by the measure of that \$1 a thousand. There is no question about it.

Senator THOMAS. Do you buy any private logs in America—do you buy logs from timber owners aside from your own forces?

Mr. BLOEDEL. Yes. The custom on Puget Sound, in effect generally on the west coast, is that logs in a sense are a commodity, at the mills, and I should say 65 per cent of the production of milling lumber on the west coast comes from mills at Tidewater where all logs are a commodity and put in by men who own timber and sell them as such and have no interest in mills.

Senator THOMAS. How does the price compare with the lumber you buy, logs you buy from Canada—how does that price compare with logs you buy from the American forest?

Mr. BLOEDEL. They vary a great deal according to the seasonal condition. At the present time fir logs are cheaper in Canada than in the United States, but cedar logs about the same as in the United States.

Senator THOMAS. Who fixes the price of these logs?

Mr. BLOEDEL. At the present time the British Columbia prices in Vancouver for fir logs are \$22, \$16, and \$11 for Nos. 1, 2, and 3 grades, respectively. The price in the United States is \$26 for No. 1, \$19 for No. 2, and \$13 for No. 3.

Senator THOMAS. Who makes those prices?

Mr. BLOEDEL. They are usually put out by the associations, not necessarily by agreement, but after a general survey and consideration of the situation both in the Puget Sound and British Columbia

log markets. They are not fixed nor are the schedules published necessarily adhered to.

Senator THOMAS. Is that price daily or weekly?

Mr. BLOEDEL. It fluctuates seasonally. If logs are plentiful it may go down; if not, it goes up.

Senator COUZENS. You do not consider that in violation of the Sherman law?

Mr. BLOEDEL. No; the price is not fixed by the organizations.

Senator COUZENS. I thought you said the association fixed the price.

Mr. BLOEDEL. I said after survey of the British Columbia and the Puget Sound log markets they published a list but it was not binding.

Senator THOMAS. Where are the Puget Sound associations located?

Mr. BLOEDEL. At Everett.

Senator THOMAS. How often do they meet?

Mr. BLOEDEL. I do not know that.

Senator THOMAS. You are not a member?

Mr. BLOEDEL. No.

Senator THOMAS. You take the prices that are quoted and operate accordingly?

Mr. BLOEDEL. Those prices are pretty generally determined by actual supply and demand, in the sense that a surplus of logs will weaken the market and you can buy them for less than what is supposed to be the list price, or if logs are scarce you may have to pay a premium.

Senator THOMAS. Is the lumber business prosperous at this time?

Mr. BLOEDEL. Yes, sir; the lumber business in general has been prosperous ever since the rehabilitation after the postwar inflation.

Senator THOMAS. Are the mills in that section of the country able to supply the demand for lumber?

Mr. BLOEDEL. Yes, sir; they are; in fact, there is a little threatened overproduction.

Senator THOMAS. You sell your products to the United States and also export to foreign countries, do you not?

Mr. BLOEDEL. Yes, sir; we sell our products all over the world.

Senator THOMAS. Do you get the same price in foreign countries as you do in the United States, making allowance for freight, or do you get the same price irrespective of freight? In other words, do you sell at the mill?

Mr. BLOEDEL. We sell at the mill. In foreign trade we ship mostly to Japan. We ship some to England, some to the west coast of South America, and some to Australia. There are many different prices because there are many different types of lumber. The type exported is not the type that is used in this country.

Senator THOMAS. How many men do you employ personally? I mean your mills.

Mr. BLOEDEL. My American operations employ about 3,000 men altogether.

Senator THOMAS. How many do you employ under your Canadian operations?

Mr. BLOEDEL. Between 700 and 800.

Senator THOMAS. What wages are paid to those employees?

Mr. BLOEDEL. The American scale will average about \$6 per day in the woods.

Senator THOMAS. That is for logging?

Mr. BLOEDEL. For logging only. That is a higher price than the mill scale because it is isolated and it is harder work; they are living in camps and have no home life.

Senator THOMAS. What is the mill wage?

Mr. BLOEDEL. The mill wage will average about 66 cents per hour, which will average in the neighborhood of \$5.25 per day, I think.

Senator THOMAS. The wages paid around the mill vary as to skilled and unskilled labor, do they not?

Mr. BLOEDEL. Yes, sir; the minimum wage paid at the mills is about \$3.50. Skilled labor gets as high as \$15 a day.

Senator THOMAS. What class of skilled labor secures that?

Mr. BLOEDEL. The saw filers and the head sawyers. The head sawyer will get \$12 a day and the saw filer \$15 a day.

Senator THOMAS. There has just been given to me what purports to be a brief. Has this been submitted by yourself?

Mr. BLOEDEL. Yes, sir; that is the one that I am going to submit.

Senator THOMAS. In that brief I find a circular advertising 6 per cent serial gold notes. It purports to be an advertisement of the Bloedel-Donovan Lumber Mills. Is that intended to be filed with the brief?

Mr. BLOEDEL. That statement was published by some bond houses that sold some securities for my firm in March. As it contains a statement of earnings of the company, I thought it might be of interest to the committee, and it is inclosed for that purpose.

Senator THOMAS. The bond house has the following statement on the bottom of this circular:

The above statements, while not guaranteed, are obtained from sources we believe to be reliable and upon which we have acted in the purchase of this issue.

That is a statement of the fiscal agent handling the securities. I presume that the fiscal agent secured the data upon which this circular is based from your organization or from your advertising publicity?

Mr. BLOEDEL. Yes, sir. I think you will find further that it is certified by a chartered accountant.

Senator COUZENS. It is signed by the witness.

Senator THOMAS. The statements set forth in this circular are true, as far as you know, are they not?

Mr. BLOEDEL. Yes.

Senator THOMAS. I notice that you started your business in 1898 with a capital of \$6,000. From 1898 until the present time, 31 years, perhaps, the capital has increased from \$6,000 to \$7,576,921.20. Approximately \$7,000,000 represents accumulated earnings on the original capital. Do you mean for us to understand that your company has made the difference between \$6,000 and \$7,576,921.20 in these 30 years' profits on the milling business?

Mr. BLOEDEL. That statement is absolutely correct in that regard. I might explain that that means reinvestment of earnings which have not been withdrawn from the business by the payment of dividends and by the fortunate buying of timber at low values which has increased.

Senator THOMAS. Further in this circular—I do not care to introduce the circular into the record unless you wish it—I find that in 1926 the net earnings, after interest and depreciation but before Fed-

eral tax amounted to the sum of \$531,000 plus. In 1927 the same net earnings amounted to \$819,000 plus. In 1928 the same earnings amounted to \$856,000 plus. I think from these statements we are justified in the conclusion that the lumber business, as far as your firm is concerned, does not need an increased tariff and does not need any tariff on logs.

Mr. BLOEDEL. That is the contention that I am making, Senator. I am not in favor of a tariff on logs which restricts the freedom of purchase of raw material, and I am not in favor of a tariff on lumber or on cedar shingles or on cedar lumber because it is not necessary. The problems of the business can not be settled by a tariff. That is not the way to settle their problems. We are confronted with a depletion problem. We will be out of timber within the next 15 or 20 years. We are cutting it too fast now. We should slow up on that cutting. We should permit the cutting of our neighbor's timber if they will let us.

Senator THOMAS. That would be an argument for free trade on logs, would it not?

Mr. BLOEDEL. Yes, sir.

Senator THOMAS. Are you acquainted with the mill operators in that section of the country?

Mr. BLOEDEL. Yes, sir; with all of them.

Senator THOMAS. So far as you know, would their statements be comparable to yours with regard to earnings?

Mr. BLOEDEL. Well, it is difficult for me to say that. I do not see their books and do not know, and unless someone would float a public issue like ours I could not tell.

Senator THOMAS. So far as you know there is no logging interest in that country that is depressed?

Mr. BLOEDEL. Well, I think not, with some exceptions. There are those in the lumber business who are disadvantageously located. In other words, he is the marginal producer who thinks his solution of the problem is the tariff. He is not so located that he can get by, and do what concerns located like others can. There are many like ours, just as good or better, and you are hearing from the marginal producer who can not get by. He thinks that the tariff will solve his problem.

In that connection I wish to say that the prices on all of these articles have gone up within the last few years. I happen to have here my statement for the month of May. I will quote to you from this statement what our sales were as compared to sales a year ago.

Senator COUZENS. Are those sales composed of imports of Canadian stuff?

Mr. BLOEDEL. I am speaking now of the sales of lumber, not logs.

Senator COUZENS. But you imported the lumber from Canada that made the sales?

Mr. BLOEDEL. No; these sales are from the Bloedel-Donovan Lumber Mills for 1924 manufactured in its Bellingham mills almost exclusively out of Puget Sound or American timber; none from Canada.

The average price for the month of May was \$21.23; for the month of April, this past month, it was \$21.51. In the month of May, 1928, it was \$18.98. In other words, the lumber, according to this statement, has gone up \$2.30 a thousand. What may have applied in the

way of depression in the business as a result of the post-war inflation in 1924 and 1925, and even into 1926, does not apply to 1927 and in no sense applies to 1928 or to the present time, because under the present conditions the lumber business is prosperous, and the man who is not prosperous has no right in the business. I mean if he does not get his fair share he is not running his business right.

The price of fir logs has gone up \$1 a thousand in February—that is on No. 1 common—and \$2 on clear. They have gone up as high as \$5 on choice logs that these door men need. Cedar logs have gone up relatively for the last two years. In the spring of 1928 cedar logs were \$16, shingle logs, and \$28 for clear logs. To-day the price is \$21 for shingle logs and \$35 for clear logs.

Cedar siding has gone up from \$28 to \$35 for the A grade.

Senator THOMAS. How do you account for that?

Mr. BLOEDEL. I think it is a part of the result of the general prosperity of the country. Our lumber never stays fixed. We go up or down with the general prosperity, according to the amount of building that goes on. A large part of our lumber goes into the construction of automobiles; spruce lumber for crates, fir lumber for crates, spruce lumber for bodies, etc. A large part of it goes into reapers and harvesters.

Senator THOMAS. Does the cost of producing a thousand feet of lumber determine absolutely the selling price of that same 1,000 feet at the mill?

Mr. BLOEDEL. Not always. Necessarily it must be the guide or in the end you would not make any profit.

Senator THOMAS. What are the factors that enter into the selling price?

Mr. BLOEDEL. Competitive conditions. Pretty generally our competition is with the yellow pine of the South.

I might say that the west coast has its best market with the farmer west of the Mississippi River because that is the territory it can reach by rail; North Dakota, South Dakota, Minnesota, Nebraska, Colorado, Montana, and sections like that. Generally speaking, the prairie farmers will take from our section between 40 and 50 per cent of the total lumber produced. That is, it will go into what you might call the farming sections.

We, ourselves, do not ship that much into the farming sections, because we ship largely to the Atlantic seacoast by means of the Panama Canal. We are now shipping about 50,000,000 feet a year into Baltimore, Philadelphia, Newport, and Boston by means of the Panama Canal because of low transportation rates.

Senator THOMAS. Does the fluctuation of the buying power of a dollar have anything to do with the price of lumber?

Mr. BLOEDEL. I might illustrate that in this way: The average price of lumber in the pre-war period, uninfluenced by the war, was \$13.50, as I recall it, for my company, and I think that is fairly representative. I have just given you the price for the month of May at \$21.23, and I have here my annual statement and I can give you what my annual returns were for the year 1928. The annual returns for the year 1928 were \$20.53 and for the year 1927 they were \$20.29.

Senator THOMAS. That shows that the price of lumber is gradually going up.

Mr. BLOEDEL. Yes, sir; that is the tendency.

Senator THOMAS. Is that caused by increased labor costs?

Mr. BLOEDEL. No. Labor has remained comparatively stationary except in the skilled labor. Skilled labor and semiskilled labor is always in pretty sharp demand and that has responded. I think unskilled labor has not responded to that same increase.

Senator THOMAS. The fact that you have several million feet of lumber standing, the price of the lumber to your mills would not be of any particular consequence in the item of cost, would it, except as you might value it yourself?

Mr. BLOEDEL. You mean the price of the log?

Senator THOMAS. Yes.

Mr. BLOEDEL. Yes; it would be. We always sell logs in the open market in addition to manufacturing them in our own mill, and the question of the price of logs has something to do with that; so we are interested in the price of logs.

I would like to touch for a minute on the question of depletion, which is, after all, the influence which affects us all.

Senator COUZENS. On that question of depletion, is it your contention that the American owners of this timber should curtail production and let their neighbors produce? Is that your idea?

Mr. BLOEDEL. My idea is that we ought not to undertake to inflate our own business so as to accelerate our production. We have a certain capacity created and certain men in towns that must be taken care of.

Senator COUZENS. Yes; I understand that, but you want the tariff taken off for the purpose of accentuating production in Canada and curtailing production in the United States.

Mr. BLOEDEL. Not in the sense of curtailing production, but I do not want to accelerate.

Senator COUZENS. A while ago you said that we should reduce our production in this country and conserve it.

Mr. BLOEDEL. Yes.

Senator COUZENS. If that is so, you want the tariff taken off so as to accentuate the production in British Columbia and, consequently, reduce the production in the United States. Is not that correct?

Mr. BLOEDEL. That is a conclusion that you might draw from it.

Senator COUZENS. You said it. You said we were depleting it and you wanted the depletion stopped. I do not think it is an assumption.

Mr. BLOEDEL. All right; we will leave it that way.

Senator COUZENS. Do you take the position that the owners of this standing timber in Washington, or anywhere else, should hold this and not cut it while their neighbors in Canada are permitted and encouraged to cut? Is that your position?

Mr. BLOEDEL. I can not do that because I could not afford to hold my timber indefinitely; the taxes would eat me up.

Senator COUZENS. If you want the tariff taken off so as to reduce cutting in this country, and accentuate it in British Columbia, I can not see any other conclusion but what you want to maintain the standing timber in this country as long as possible.

Mr. BLOEDEL. Yes; we want to maintain our timber as long as possible.

Senator DENEEN. I believe you said that we would exhaust our supply in about 18 years.

Mr. BLOEDEL. Yes, sir. This map that has been prepared for the industry is considered authentic because it has been prepared from the tax records where logged-off areas are reported from year to year. The red portion represents the logs off area on Puget Sound in the State of Washington. The green is the remaining standing timber. That is in private hands. The brown is in the forest reserve created under the Roosevelt administration in 1906.

Senator COUZENS. What is the relative standing timber in those sections?

Mr. BLOEDEL. In the green, the privately owned section, and we will say here, the State-owned section, there is approximately 150,000,000,000 feet of timber remaining, and at our present rate of cutting—

Senator COUZENS. Never mind that. What is in the Government section?

Mr. BLOEDEL. There is approximately 100,000,000,000 feet in the Government land in this reserve and in the forest reserves created along this area here [indicating].

Senator COUZENS. What is the total amount of the standing timber?

Mr. BLOEDEL. The total is approximately 250,000,000,000 feet of standing timber in the State of Washington.

Senator COUZENS. Both private and Government?

Mr. BLOEDEL. Both private and Government. The State of Oregon, just below here, has approximately 300,000,000,000 feet of timber, much of which is of the same type. But I am speaking of the log duty which is influenced by this waterway and by this depletion.

I went there in 1889 and at that time that area was practically an uncut area. I went to Bellingham and all the route between there and Seattle was one dense body of timber. It is now all cut, way back to the foothills, and the remaining timber in private hands is this green area that you see butting up against the mountain range. I might say that the timber in the forest reserves belong to the Federal Government. Naturally, the best lands were taken up under the land laws prior to 1906. Therefore, the mountainous areas are now in the forest reserves. They contain some valuable stands of timber but not nearly so valuable as those in private hands. The timber in private hands is more valuable because it is more accessible and is usually of a better quality. Within the last six months considerable controversy has arisen between the Grays Harbor people and the Puget Sound people over a part of this forest reserve, some of which belongs to the State of Washington, and an effort has been made to have the Forest Department allocate that to Grays Harbor, which effort has been resisted on the part of these other people, both claiming depletion is at hand and they have got to have timber.

On the statement of figures that I have just given you all of the privately owned timber there will be logged in about 18 years. It can not be all done because the price will rise consistently before the end comes, and before you get into the forest reserve here to any extent the price has to be materially higher than it is now in order to overcome the physical difficulty of handling that timber over that in private hands.

Senator COUZENS. Assuming, for instance, that you personally owned all of that private standing timber, would you like a situa-

tion to develop so that you could not cut that at all? It would have to stand there year after year in the interest of conservation while we encouraged importation from British Columbia.

Mr. BLOEDEL. No, I would not; and if such a position arose and a tariff or even a total prohibition on it would do it, I would be for it. There is no such risk. British Columbia will not import its raw material into Puget Sound in any quantity. It is usually only the margin or surplus which they can not use themselves which is exported. If we were to be put out of business and get cheaper logs from the other side, I would say no.

Senator COUZENS. Just tell us what is the contention, then, on the part of these timber holders for a tariff. I suppose they will tell their own story.

Mr. BLOEDEL. They will tell their own story. They are here. I think the contention is to get \$1 a thousand more for logs.

Senator COUZENS. You think they would get \$1 a thousand more by that tariff, do you?

Mr. BLOEDEL. I do not think that they would get the whole dollar, but they would get a part of it.

Senator COUZENS. I understood your testimony a while ago to be that the Canadian producer was compelled to sell \$1 cheaper because of the tariff. If that is so, the Canadian producer is not going to get anywhere.

Mr. BLOEDEL. If 200,000,000 less feet of timber come from Canada the situation on Puget Sound will be much more solid than it is.

In the report of the Tariff Commission there is a statement that 43 logging concerns put in 60 per cent of the timber on Puget Sound. I am one of those. Out of that number 23 supply logs to their own mills and do not sell logs in the open market. In other words, 20 logging operators practically dictate the price of 60 per cent of the logs sold in the open market, and that is why these mills that are dependent on the open market want a free market to draw from.

Senator COUZENS. Proceed.

Mr. BLOEDEL. I think I have said everything that I care to say on logs. I would like to make a few remarks with respect to cedar. Cedar importations from British Columbia are all interwoven with the tariff on shingles and cedar lumber, because it is a matter of cedar log production. So I want to say just a few words on cedar lumber and I will finish by time for the noon recess.

The tariff of 25 per cent as passed by the Ways and Means Committee on cedar lumber is absolutely prohibitive. Cedar lumber, while it is not in a general sense called a building lumber, is necessary to the building. Cedar lumber is made into siding which is the same thing as the former New England clapboard. It is one-half by six. In the New England States you had clapboard or siding. Three or four or five different kinds of lumber enter into the building of a house. Douglas fir lumber is used for framing because of its strength. We use hardwood floors because the hardwood does not mark. We use cedar shingles because they last longer. Cedar lumber is just as necessary for the farmer to use as fir lumber. The whole production of cedar lumber in shingles and logs is about 1,000,000,000 feet per year, and out of that it is estimated that cedar lumber will be about 250,000,000 feet, and it is estimated that there is about 56,000,000 feet imported into the United States from Canada.

A few moments ago I pointed out to you that the price of cedar siding has gone from \$28 to \$35 for class A ½-inch cedar siding, which is the same as clapboards. It has gone up \$7 per thousand.

Senator THOMAS. Since when?

Mr. BLOEDEL. Inside of a year. That is for a half-inch measurement. We take 1 by 6 siding and resaw it and make two ½-inch boards out of it. If we double the price of \$35 that would make \$70, and the 25 per cent duty on that would be \$16 and something, which is prohibitive. A great deal of cedar is used in the arts for pattern work. Cedar is also used in the building of boats. The price ranges from \$50 to \$100 a thousand. It is not cheap wood; it is a high-priced wood, and yet it comes from the same area that the other timber comes from at the same stumpage cost and the same logging cost.

I might say that the cedar of the State of Washington is limited. There is, approximately, only 30,000,000,000 feet in Washington and Oregon, and there is possibly 60,000,000,000 feet in British Columbia. The cedar is intermingled with the other species. It does not grow separately. The percentage of cedar in Puget Sound is declining, 5 per cent within the last four or five years, from 21 per cent down to 15 per cent and is going to decline further. The whole question is limited to the cedar log supply and nothing else. If you want to benefit the cedar lumber and cedar shingles then take the tariff off logs. That is one sure way of benefiting them.

I am going to file a brief on the log tariff that I have just discussed which will be more elaborate than my discussion, and I am filing a brief on the cedar lumber tariff which I have just discussed.

I just want to make this statement in conclusion: That whatever tariff is put on logs, and for that matter whatever tariff is put on cedar lumber or fir lumber, acts not as an additional profit to the manufacturer, except as he is the owner of the stumpage; it goes right back to the tree on the ground. Whatever more you get for logs or shingles, whatever more you get for cedar lumber or fir lumber, means that much more you realize out of the price of your stumpage. That means that a lot of large stumpage holders are benefited by this. It means that the mill not so fortunately situated that has to buy logs in the open market will have to pay the price of the logs to the timber owner.

I say in all frankness that so far as the American duty is concerned I am not affected, because I own timber on both sides of the line. If the price of timber goes up I will realize on it. I think, however, it is in danger of accelerating and increasing and inflating our whole production to the whole extent that we will suffer from exactly the same conditions we did in the postwar period when we all rushed in and tried to make too much. I want to prevent it by not making too much and by keeping on on a normal basis as we are now.

Mr. Chairman, may I be permitted to file the brief that I spoke of? Senator COUZENS. Yes.

(The briefs submitted by Mr. Bloedel are as follows:)

BRIEF OF WASHINGTON STATE LUMBER AND SHINGLE MANUFACTURERS TIMBER CONSERVATION AND ANTI-LOG TARIFF ASSOCIATION AND OTHERS**FIR, CEDAR, SPRUCE, AND WESTERN HEMLOCK LOGS**

Paragraph 401 of the tariff bill now before the Senate, provides for a duty of \$1 per thousand feet on logs of fir, spruce, cedar, and western hemlock except when imported for pulp manufacture. The provisions of the amended section constitute a very material extension of paragraph 401 of the tariff act of 1922, which, although it provided for the same duties, made them conditional and applicable only to countries which levied an export tax on logs shipped to the United States.

TERRITORIAL RANGE OF PROPOSED LOG DUTIES

The production of fir, spruce, cedar, and western hemlock logs for lumber and lumber products is practically confined to the two States of Oregon and Washington and to the Province of British Columbia. The log tariff is therefore a local problem as regards possible protection for domestic industry.

BRITISH COLUMBIA LOG EXPORT TAX DECLARED INVALID IN RECENT DECISION IN SUPREME COURT OF CANADA

It has already been stated that the tariff act of 1922 permitted unconditional free entry of all logs except where they came from a country which imposed export duties. More than 90 per cent of the logs imported into the United States came from British Columbia; this Province is the only region which levies an export tax on logs. Log duties contained in the 1922 tariff act were, therefore, applicable only to British Columbia. Recently, the Supreme Court of Canada has handed down a decision declaring the British Columbia export tax invalid. (See Exhibit A.) While this decision may be appealed it is also likely that it means the end of export taxes on unmanufactured logs shipped outside of the Province. In effect, this decision makes available to the sawmills of Puget Sound, subject to competitive conditions as between Puget Sound and Canadian mills, an additional supply of much needed high-grade timber.

RESTRICTION OF LOG SUPPLY EVEN ON A MODERATE SCALE PENALIZES CERTAIN AMERICAN MILLS AND RESTRICTS OPPORTUNITY FOR EMPLOYMENT OF AMERICAN LABOR

Although imports of logs from British Columbia have been very moderate during the past decade, a very real and increasing need has been felt by certain mills on Puget Sound for such logs as are imported and this necessity will undoubtedly increase in the near future. It was pointed out by Mr. W. R. Ripley, of the Wheeler-Osgood Co. of Tacoma, before the Ways and Means Committee on January 18, that his company frequently finds itself unable to obtain an adequate supply of high-grade fir logs, needed in the manufacture of veneer, sash, and door stock. Then again, there is a constantly recurring shortage of cedar logs required for shingles and siding manufacture. This is evidenced by the market reports in the lumber trade journals of the Pacific Northwest.

Prices on all grades of logs produced on Puget Sound have advanced from 10 to 25 per cent since April 1, 1928, notwithstanding the fact that the volume of logs imported from British Columbia has been approximately the same as in previous years. It is obvious, therefore, that the situation with regard to log supply is such that log importations are no factor in depressing log prices.

RATIO OF LOG IMPORTS TO DOMESTIC PRODUCTION IS INSIGNIFICANT

The ratio of log importations to domestic production will be seen from the following tables:

Consumption of saw logs in Washington

[Source: Commerce and Navigation, U. S. Department of Commerce]

Year	Lumber	Shingles, vener cooper- age, exports	Total
	<i>Feet</i>	<i>Feet</i>	<i>Feet</i>
1922.....	5,386,000,000	835,000,000	6,671,000,000
1923.....	6,678,000,000	915,000,000	7,513,000,000
1924.....	6,267,000,000	925,000,000	7,192,000,000
1925.....	7,027,000,000	974,000,000	8,001,000,000
1926.....	7,546,000,000	960,000,000	8,506,000,000
1927.....	7,325,000,000	965,000,000	8,280,000,000

Import of logs and round timber into customs district of Washington

[In thousand feet]

Year	Dutiable	Free	Total	Percentage of im- porta- tions against annual log consump- tion
1922.....	24,000	119,000	143,000	2.1
1923.....	145,000	29,000	174,000	2.3
1924.....	133,000	70,000	208,000	2.9
1925.....	93,000	96,000	189,000	2.3
1926.....	70,000	94,000	164,000	1.9
1927.....	131,000	100,000	234,000	2.8
1928.....	75,680	78,000	143,680	1.7

There is little prospect of increased imports of logs from British Columbia as the tidewater mills in British Columbia are substantially in the same condition with regard to log supply as those on Puget Sound. British Columbia has considerable reserves of Douglas fir, cedar, and spruce in the interior, on the west coast of Vancouver Island, and on the northern mainland, but the bulk of this timber is not accessible to the present British Columbia tidewater mills or those on Puget Sound. The removal of the export duty will not affect this timber.

LOG DUTIES ARE NOT SUPPORTED BY PRODUCTION COSTS

We do not intend to repeat here in detail the data relating to production costs of domestic and foreign logs laid before the Ways and Means Committee. These are contained in the record and are already available for consideration. Attention is directed, however, to the finding of the United States Tariff Commission which investigated this matter in 1925. In view of the fact that this investigation was conducted by an agency of the Government to determine for tariff purposes the question of relative costs of production, these findings are entitled to careful examination. Moreover, no other study of comparative log costs has been carried out on the same extensive scale. The Tariff Commission's investigation included the area tributary to Puget Sound, Wash., and Strait of Georgia, British Columbia, where the same physical conditions exist and where logging methods are identical in the harvesting of the same types of timber.

The commission found that Bellingham, Wash., was the principal competing market for Washington and British Columbia logs. Its investigation showed that the average cost of logs in boom at tidewater—not in the competing market—for domestic producers, was \$14.90 per thousand feet during the year 1923, while Canadian costs for the same period were \$14.18 per thousand feet, an excess of

cost for domestic logs of 72 cents per thousand feet in boom at tidewater. Since 1923 there have been various changes in competitive conditions which indicate that a similar study carried out at the present time would show that the average log costs in boom at tidewater are practically the same for domestic and Canadian logs. Among the developments which have increased production costs of Canadian logs are the enactment of a minimum wage law in British Columbia, the adoption of a statutory 8-hour day and an increase from 3 to 5½ per cent of pay roll for workmen's compensation, which alone has added at least 10 cents per thousand feet to the cost of production in the Canadian territory.

The United States Tariff Commission, in its preliminary statement dated July 1, 1925, gives the average cost of domestic and foreign logging as follows:

Comparison of foreign and domestic logging costs, 1923

	Per 1,000 feet	
	Domestic	Foreign
Falling and bucking.....	\$1.554	\$1.423
Yarding and loading.....	3.665	3.470
Conveyance to tidewater.....	4.558	4.015
Booming and rafting.....	.447	.495
General and administrative.....	1.575	1.909
Stumpage.....	3.103	2.397
Severance tax or royalty.....		.471
Cost in boom without interest.....	14.932	14.180

The following summarized table shows comparative costs of labor, supplies, administrative and other expenses, etc., as published in the report referred to:

Summary of average weighted costs at tidewater

	Per 1,000 feet	
	Domestic	Foreign
Operating expense:		
Labor.....	\$5.11	\$4.69
Supplies.....	.94	1.28
Repairs and maintenance.....	1.03	.88
Spur track and freight paid common carrier.....	2.18	1.08
Miscellaneous operating.....	.15	.22
Depreciation.....	.81	1.25
Total operating expense.....	10.22	9.40
Administrative expenses:		
Salaries.....	.28	.59
Insurance.....	.20	.42
Taxes.....	.36	.05
Other administrative and miscellaneous expenses.....	.74	.85
	1.58	1.91
Other expense:		
Stumpage.....	3.10	2.40
Canadian royalty.....		.47
Total other expense.....	3.10	2.87
Total cost including interest.....	14.90	14.18

It is important to note at this point that the commission in its report failed to take account of a very important factor relating to log cost comparisons. This is the fact that logs are not measured in Washington and in British Columbia by the same unit of measure, and such measurements differ so greatly that it is

not possible to secure any accurate formula to compare the cost data. However, tests made by measuring the same rafts of logs on both sides of the line show that in general a thousand feet of logs according to the Washington scale contain from ten to fifteen per cent less material than a thousand feet as measured in British Columbia. (See Ways and Means Committee hearings, p. 9246.)

Applying this to the above costs it is necessary either to add to the British Columbia costs or subtract from the Washington costs from \$1.40 to \$2.10 in order to make the data exactly comparable. With this correction the data shows higher costs for British Columbia of from \$0.68 to \$1.38 per thousand feet.

WHEN TOWING COSTS ARE TAKEN INTO CONSIDERATION, PRODUCTION COSTS OF CANADIAN LOGS EXCEED DOMESTIC

Costs in boom to tidewater as given by the Tariff Commission were not intended to represent actual comparative costs. Canadian logs are produced far from the consuming market, while the domestic logs delivered at the boom at tidewater are at or near the point of consumption. In computing these costs, the question was raised as to whether the British Columbia exports tax should be considered, but in view of the probable discontinuance of this tax it will not be considered here. However, the additional towing cost on Canadian logs are included in the figures obtained by the Tariff Commission and show an excess cost for the Canadian product of 62 cents per thousand without consideration of the added disadvantage due to difference in measurement.

It has already been stated that Bellingham, Wash., was determined by the commission to be the common market for British Columbia and Puget Sound logs, and to obtain an accurate view of the true conditions under which Canadian and American logs compete, transportation costs to this competing market must be added to the cost of logs at tidewater.

On the question of the propriety of taking towing costs into consideration, attention is directed to a ruling of the Attorney General of the United States in an opinion given February 6, 1926, which says that the President "should take into consideration, in so far as he finds it practicable from an analysis of the facts in each case, costs of transportation whenever it is shown that such cost difference therein as between domestic and foreign articles constitutes an advantage or disadvantage in competition between foreign and American producers." It is perfectly obvious that in this case transportation charges do constitute a serious disadvantage to foreign producers of logs entering the Puget Sound market. Adding to the cost of towing domestic logs to Bellingham, the commission found that the delivered cost was \$15.33 per thousand feet, while the cost of delivering British Columbia logs to the same point was \$15.95 per thousand feet, a difference in favor of the American product of 62 cents without consideration of the differences in log measures. These figures are summarized hereunder:

Summary of costs delivered at Bellingham, Wash.

	Per 1,000 feet	
	Domestic	Foreign
Costs at tidewater as shown in foregoing tables.....	\$14.90	\$14.18
Average towage charge paid on actual logs movements from tidewater to Bellingham, Wash.....	.43	
Average towage charge for moving logs from British Columbia to Bellingham, Wash.....		1.77
	15.33	15.95

The foregoing figures are not estimates but actual data taken from the books of companies determined by competent and careful investigation to be representative of the entire logging industry in the regions covered. A check of other published material covering the same field gives them whatever substantiation is needed. Cost reports of the West Coast Lumbermen's Association and of the British Columbia Loggers' Association cover the same territory as was covered by the investigation of the Tariff Commission, and, while the methods of compilation may differ somewhat, the purposes served are the same and the figures

provide a reasonable and convenient check on the work of the commission. Comparison of the official certified cost data of the two associations show the following result:

Cost per 1,000 feet of producing logs

[Source: West Coast Lumbermen's Association, British Columbia Loggers' Association]

Year	British Columbia	Washington-Oregon	Year	British Columbia	Washington-Oregon
1924.....	\$14.14	\$12.93	1927.....	\$11.84	\$11.42
1925.....	12.94	12.01	1928.....	11.48	11.21
1926.....	12.56	11.67			

EXHAUSTION OF DOMESTIC TIMBER SUPPLIES IS SERIOUS PROBLEM FOR MANY PUGET SOUND MILLS

By far the most serious aspect of the proposed log duties is the probable effect upon the future timber supply of the tidewater mills in the Puget Sound region, who are dependent in part or entirely upon the open market for their log supply, and who, in view of the approaching decline of domestic log production in that region, must depend to an increasing extent on imported logs to carry on their operation. The area affected by the proposed duties, Puget Sound and tributary waters, has concentrated therein the greatest lumber-manufacturing industry in the history of the United States. It is vitally important to the prosperity of the State of Washington that these mills be operated to the greatest extent possible on a permanent basis. Tremendous inroads have already been made into Washington forests on which these plants have depended for their supplies; so much so that timber depletion is a pressing problem. Local timber supplies have already been depleted to the point that numerous logging operations and sawmills have no more than sufficient for a few years' operations. Comparatively few are assured of more than 10 years' life.

State Supervisor of Forestry Joy, of Washington, in a report issued by him in 1928, states that the total stand of commercial timber now in private hands in the State of Washington is 146,000,000,000 feet, board measure. The annual cut of timber of the State of Washington, according to a report prepared by William Gibbons of the United States Forest Service in 1926 and contained in the Government publication entitled "Report on Forests and Wood-using Industries of Washington," approximates 8,000,000,000 feet. Mr. Porteous, as a result of a survey of the timber resources of western Washington, found that the remaining privately owned timber, at the present rate of cutting, gave an average life of 16 years to the mills now operating.

It is, moreover, of importance to know that the major part of the remaining privately owned timber in Washington lies to the south of Puget Sound and on the extreme western edge of the Olympic Peninsula. Timber in the southern part of Washington, generally speaking, is not available for the lumber industry on Puget Sound. It is owned or controlled largely by interests who already have sawmills adjacent to it, and transportation charges on logs to the Puget Sound mills are virtually prohibitive.

The timber on the western side of the Olympic Peninsula is to a considerable extent accessible to both northern and southern mills together with that of the Olympic National Forest. It constitutes the last remaining stand of timber of any consequence of western Washington. The mills in both territories are, at the present time, engaged in a vigorous contest for the right to purchase and cut timber in this territory. This contest, perhaps more than anything else, shows the real situation as regards depletion as viewed by the lumber industry itself. Other than this timber, the only chance for Puget Sound mills to secure supplies necessary to continue their operations lies in their ability to import from British Columbia such amounts as may economically be accessible to their plants.

PROPOSED DUTIES PROVIDE EXEMPTION WHERE LOGS ARE USED FOR PULP MANUFACTURE WHILE GREATEST LOG SCARCITY IS CEDAR AND HIGH-GRADE FIR

Paragraph 401 of the tariff bill exempts from duty logs imported for the purpose of pulp manufacture. If any exemption were justified, it would seem to be for cedar logs imported for shingle and cedar-lumber manufacture, fir logs for

the manufacture of veneer, sash and door stock, and similar high-grade products. These industries have experienced continually recurring shortages of suitable raw material. Not only have they been forced to depend on imports to keep their mills operating, but in numerous instances, they have had to pay substantial price premiums over domestic logs as a result of these conditions.

Log prices on Puget Sound have advanced as follows:

Cedar logs (lumber grade) April 1, 1928, to March 31, 1929, from \$28 to \$35 per thousand feet, an increase of 25 per cent.

Cedar logs (shingle grade) during the same period, from \$16 to \$21 per thousand feet, an increase of 31.25 per cent.

There is every reason to believe that demand for cedar products, particularly high-grade siding and shingles will increase; on the other hand, cedar log production on Puget Sound has undoubtedly passed its peak. Logging operations have been confined, up to the present time, to the better timber stands on the bottom lands, benches, and lower slopes, which, generally speaking, have not contained more than 20 per cent of hemlock and other so-called inferior woods. Data on a substantial portion of the cut on Puget Sound for a period of years indicates that the proportion of cedar to total stand has been about 20 per cent. In the last two or three years this has dropped to about 15 per cent, bearing out the well understood fact that as logging operations move into higher areas, the percentage of cedar decreases. It is pertinent here to point out that much of the cedar remaining on the national forest areas tributary to Puget Sound is extremely scattered, and having in view the Forest Service policy to permit the exploitation of national forest areas permanently productive, this cedar will come on the market at an extremely slow rate.

State Supervisor of Forestry George C. Joy, in 1928, estimated the total stand of the cedar remaining in Washington at slightly over 32,500,000,000 feet board measure. William H. Gibbons, of the United States Forest Service, estimated the stand of cedar in Washington in 1922 to 32,000,000,000 feet. It is safe to assume that as Mr. Gibbons' estimate was made in 1922 and there has since been cut in excess of that 6,000,000,000 feet of cedar, that State Supervisor of Forestry Joy's estimate may be taken at an outside figure. Of this timber, according to Mr. Gibbons' estimate, less than 17,000,000,000 feet is privately owned lands. Quoting further from Mr. Gibbons' report, Washington's wood-using industries consume annually the following quantities of cedar logs:

	Feet
Shingles.....	720, 000, 000
Lumber.....	226, 664, 000
Poles and piling.....	150, 000, 000
Logs exported (unmanufactured).....	76, 651, 000
Total.....	1, 173, 315, 000

(Logs exported—figure gives excess of logs sent outside the State over imports.)

From these figures it will be seen that the remaining privately owned cedar timber in the entire State of Washington will afford only 15 years' life to the present cedar plants, but as a considerable portion of this cedar is not tributary to Puget Sound, an acute shortage of cedar is bound to be felt in the Puget Sound area long before this. As a further indication of the trend of cedar supply it may be stated that the log scale of the Puget Sound Scaling Bureau shows that the proportion of cedar in the annual lumber cut of Puget Sound has declined perceptibly during the past two years. According to the reports of the bureau, the total quantity of logs scaled by the organization in 1928 was 2,004,786,370 feet and in 1927 1,807,037,665 feet; the total scale (annual) for the 16 years (1913-1928, inclusive) was 19,805,000,000 feet. For the four years 1913 to 1916, inclusive, the cedar cut constituted 27 per cent of the logs scaled by the bureau. The average for the 16 years mentioned above was 21 per cent. In 1927 the proportion of cedar fell to 18 per cent, while in 1928 it had dropped to 16 per cent. Percentages taken from the reports of the Puget Sound Scaling Bureau are tabulated hereunder:

Logs scaled by Puget Sound Log Scaling and Grading Bureau

	1926	1927	1928
	Per cent	Per cent	Per cent
Fir.....	62	62	60
Hemlock.....	12	14	16
Spruce.....	2	3	4
Cedar.....	21	18	16
Miscellaneous.....	3	3	4

The production of cedar will decline in even greater ratio as the present logging operations move on to higher ground.

CEDAR LOG EXPORT IS AN IMPORTANT FACTOR IN LOG SHORTAGE ON PUGET SOUND

During the past decade a keen demand has developed in the Orient for cedar logs from the coastal regions of the northwest. This market has been in a position to offer attractive prices for cedar logs which, generally speaking, are suitable for the manufacture of high-grade shingles. As a result of this there has been a constantly increasing drain upon the cedar-shingle log supply. Quantities of logs exported from Washington to the Orient during the past five years are as follows:

Exports of cedar logs and hewn timber from the United States

	Quantity 1,000 feet		Quantity 1,000 feet
1924.....	104, 460	1927.....	186, 976
1925.....	107, 790	1928.....	261, 520
1926.....	138, 463		

(Source: Foreign Commerce and Navigation of the United States.)

This drain, together with the policy of most Puget Sound cedar mills of using their high-grade logs for cedar lumber manufacture, has resulted in shortages of good shingle logs with increasing frequency. We do not wish to comment upon the wisdom of exporting raw unmanufactured logs which could possibly be better used in the manufacture of shingles and other cedar products for the use of our own people, but we do emphatically point out that the volume of these exports is another reason why domestic mills should not be penalized by an import duty on such meager supplies as they may be able to obtain from British Columbia.

The conditions we have outlined with regard to cedar apply with equal force, although not to the same extent, to importations of high-grade fir, which constitutes the bulk of fir logs imported from British Columbia. It has already been pointed out by Mr. W. R. Ripley, of the Wheeler-Osgood Co. of Tacoma, Wash., E. K. Wood Lumber Co. of Anacortes, and other large Puget Sound manufacturers, that these large plants find themselves absolutely unable to secure, from time to time, an adequate supply of suitable logs. It is perfectly obvious that as logging moves into the higher and rougher ground that the timber is scrubby and smaller and the percentage of large logs decreases. As the domestic supply of good quality logs decreases, these plants have no alternative but to look to British Columbia for whatever supplies they can secure there in competition with the Canadian mills. Since April 1, 1928, fir-log prices on Puget Sound have increased 10 per cent while in the case of No. 1 logs, premiums of as high as \$5 per thousand or 25 per cent over the going prices have been paid on top of these increases.

BENEFICIARIES OF THE PROPOSED LOG DUTIES

The following facts taken from the testimony secured by the United States Tariff Commission in its investigation of the log tariff question shows clearly who stands to benefit by the proposed duty.

The commission found that 43 operators on Puget Sound produced 50 per cent of the total log output and of these 43, only 23 are engaged in logging and selling their products as logs. From this it is plainly evident that 23 concerns dominate nearly 60 per cent of the log market and are practically in a position to control market conditions. With free access to British Columbia logs, the tendency toward market monopoly by these 23 concerns is much abated; on the other hand, the log duty assists materially in the control of the log market by these few operators.

CONCLUSION

The case against the imposition of a duty on logs is simply and clearly defined. In the region which will be affected by these duties, namely, Puget Sound, timber supplies have already been depleted to the point that a decline in certain lines of lumber production is imminent and inevitable unless free access to the logs produced north of the international boundary is permitted. Authoritative trade journals indicate beyond any question of doubt that shortages of certain grades and species of logs have occurred in the past two years and are occurring with increasing frequency. State and Federal forest experts and leading forest engineers in the State place the limit of duration of the existing privately owned timber in the State at 15 years, while for many Puget Sound plants, it will be much shorter. The forests of the Pacific Northwest States have been considered the last timber reserve of the American people. The extent to which they have already been depleted on Puget Sound has brought the lumber industry there to the threshold of a decline in lumber production. To levy an import tax on log imports at this stage when they are urgently needed to piece out the rapidly diminishing timber stands in this region, can only result in hastening the day when many of these manufacturing units will be dismantled and the present scenes of industry become scenes of desolation such as exist in the former busy lumber town of the New England States, the Great Lakes region, and various parts of the South.

Charles Lathrop Pack, president of the American Tree Association and founder of the American Forestry Association, in a recent article in the New York Herald-Tribune, drew attention to the fact that an expedition is being organized to study the forests of South America in order to ascertain what species are available for use in this country and to what extent we can depend upon South America for our future wood requirement. Surely if experts who have made a life study of forestry and of the timber resources of the United States realize the necessity of looking at this date for wood supplies in South America, is it not an economic error reprehensible to a degree to handicap lumber manufacturing plants such as are concentrated on Puget Sound today by the imposition of a duty on needed raw materials? From the standpoint of production costs or any other competitive argument not one shred of supporting evidence has been produced by the proponents of a log duty, while, on the contrary, authoritative data procured by the experts of the Tariff Commission show conclusively that the advantage in competition lies with domestic log producers in the region affected.

The undersigned companies and individuals representing plants with an annual cut of more than one and one-quarter billion feet have all experienced difficulty in obtaining an adequate supply of suitable logs, particularly of cedar and high-grade fir, for their requirements. They view with anxiety the imposition of the proposed duties and they earnestly request that the same be taken out of the proposed tariff bill.

Respectfully submitted.

WASHINGTON STATE LUMBER AND SHINGLE MANUFACTURERS
TIMBER CONSERVATION AND ANTILOG TARIFF ASSOCIATION.

Estimate of timber stand in counties of State of Washington, segregated by species

[1,000 feet, board measure]

County	Cedar	Spruce	Fir	Hemlock and other species	Yellow pine	White pine	Red, white, silver, and yellow fir tamarack	Total
Asotin.....				191,752	191,752		63,917	255,669
Chelan.....					4,063,299		1,354,433	5,417,732
Clallam.....	6,896,312	2,758,525	9,654,837	8,275,575				27,585,249
Clark.....	36,441		618,501	72,882				727,824
Columbia.....					368,219		122,739	490,958
Cowlitz.....	1,444,307		10,110,152	2,853,615				14,443,074
Ferry.....					2,439,288		813,095	3,252,383
Garfield.....					319,868		106,622	426,490
Grays Harbor.....	3,501,568	1,750,794	9,629,316	2,626,176				17,507,844
Island.....	5,611		100,998	5,611				112,220
Jefferson.....	3,639,762	1,969,881	8,864,465	4,924,703				19,698,811
King.....	1,726,565		12,085,957	3,453,130				17,265,652
Kitsap.....	48,182		819,102	90,364				963,648
Kittitas.....			1,264,250		3,792,750			5,057,000
Klickitat.....					2,914,068		1,248,886	4,162,954
Lewis.....	2,771,687		19,401,809	5,543,374				27,716,870
Mason.....	693,335		5,546,684	693,335				6,933,354
Okanogan.....					4,945,165		1,648,388	6,593,553
Pacific.....	1,930,009	1,296,673	6,433,366	3,216,683				12,896,731
Pierce.....	595,395		8,335,335	2,076,977				11,907,907
Pend Oreille.....					187,000	748,000	935,000	1,870,000
San Juan.....	5,500		99,000	5,500				110,000
Skagit.....	3,248,864		9,743,592	3,248,864				16,244,320
Skamania.....	1,387,551		9,711,759	2,775,102				13,874,512
Snohomish.....	1,529,297		9,175,786	4,587,893				15,292,976
Stevens.....					3,114,125	25,050	1,012,091	4,152,166
Spokane.....					300,000	125,000	200,000	625,000
Thurston.....	368,400		2,578,800	736,800				3,684,000
Wahkiakum.....	552,068	138,017	1,242,153	828,102				2,760,340
Walla Walla.....					28,875		9,625	38,500
Whatcom.....	1,893,362		4,033,405	2,940,043				8,766,810
Yakima.....					4,030,172		1,343,390	5,373,562
	32,574,216	7,903,880	130,352,567	49,895,729	26,604,581	898,950	8,858,186	257,178,109

ANACORTES, WASH.

This company, with yards and offices in Los Angeles, San Pedro, Long Beach, Oakland, Calif., and Portland, Oreg., and sawmills in Hoquiam and Anacortes, Wash., eight steamships in Pacific coastal trade, registers strong objection to proposed duty of \$1 per thousand or any other sum on logs entering the United States from Canada or any other foreign country. In our view no justification for tax on raw material. As a concern which has been in business for 41 years we are interested in continued long life of this large operation. We must conserve our timber, which is being rapidly depleted, as evidence the present lack of timbered lands in northern Washington and the present fight in Clallam County, Wash. Mills in those districts already see the end of their operations unless raw material is imported from Canada and conserved at home. We invite your influence against any tax of any kind upon any specie of logs coming from Canada.

E. K. WOOD LUMBER Co.

ANACORTES, WASH.

This sawmill and box factory is one of three institutions controlled by the undersigned. Our information is that present proposals places \$1 per thousand on all logs purchased by us for lumber or boxes but exempts those purchased by pulp companies. We emphatically urge all logs coming from everywhere to be on free list. We entitled to same consideration as pulp people. By reason of our nearness to British Columbia and our distance from Washington and Oregon log supplies our industry dependent upon British Columbia material without duty. We point to significance of present dispute over timberlands in Clallam County, Wash., as evidencing fact that we are nearing the end of our own timber resources. Please urge that logs be placed on free list without strings attached.

MORRISON MILL Co.

STANWOOD, WASH.

Just heard there is effort being made by few Washington logging operators to put duty on sawlogs coming here from Canada. Principle of this tax on raw material which affects all mills on Puget Sound purchasing logs on open market absolutely wrong. Earnestly solicit your influence against any such tax.

STANWOOD MILL Co., Stanwood.

BLAINE, WASH.

Years ago logging ceased in this district by reason of timber being depleted and put into lumber. No log raw material available for this mill excepting from the southern part of the State and transportation from there prohibitive. For years we necessarily have been purchasing 8 per cent of our raw material from British Columbia. This is an earnest plea that your efforts be directed towards securing all classes of logs from British Columbia on the free list. This company is not at all in favor of any duty no matter how nominal.

MORRISON MILL Co.

ANACORTES, WASH.

Confirming letter which our president mailed to each member of the United States Congress, this company goes on record as absolutely against the proposed tax on logs of all species entering the United States from foreign countries. Our company has sawmills at Anacortes and Hoquiam in this State as well as a large amount of standing timber. We secure big share of raw material from British Columbia always at the going prices because we are chiefly interested in the conservation of our own resources and the logging life of our industry. We urge your cooperation in behalf of every sawmill buying logs in the open market.

E. K. WOOD LUMBER Co.

TACOMA, WASH.

To preserve our rapidly disappearing forests and in interests of all mills on Puget Sound purchasing logs in open market we strongly oppose any and all duties on logs coming into United States from Canada. We urge your support.

PETERMAN MANUFACTURING Co.

ANACORTES, WASH.

We have a large sawmill and box factory which for years has been dependent upon a big share of its raw material coming from Canada. This company desires to go on record as absolutely against any kind of duty on logs. Such action would shorten the life of this and similar institutions and result in wholesale cutting of our own timber resources, which are meager. Any benefit from such a tax on raw material would only benefit a very few timber owners to the great loss of the majority of operators.

FIDALGO LUMBER & BOX Co.

VANCOUVER, BRITISH COLUMBIA.

The Portland office of the E. K. Wood Lumber Co. desires to register its unqualified disapproval of the present proposal of the Ways and Means Committee to place an import duty of \$1 per thousand feet on saw logs entering the United States from Canada. We are heavily interested in the lumber manufacturing, lumber shipping, and lumber selling business and this tax on the raw material for our own sawmills strikes at the vitals of this Pacific coast institution. We urge your influence against any tax of any kind being placed on any species of logs.

E. K. WOOD LUMBER Co.,
Portland.

TACOMA, WASH.

We buy our fir logs on open market, about half of our supply coming from British Columbia and balance from our own camps. We adopt this policy in order to conserve our standing timber, therefore wish to enter protest against the

dollar per thousand import duty on Canadian logs. Believe removal of this duty absolutely necessary for us to compete in foreign lumber trade and to further the life of log-buying mills on Puget Sound.

TIDEWATER MILL CO.,
Tacoma.

ANACORTES, WASH.

As one of the largest tugboat enterprises in northern Washington, interested for years in towing logs from British Columbia to our United States mills we wish to register a strong objection against any duty whatsoever being placed on logs of all species from Canada. We substantiate the objections of all the mill men between Blaine and Olympia, Wash., against the present rumored proposal to place logs on the dutiable list. Such action strikes at the life of this tugboat business and the life of every sawmill in this district purchasing logs in the open market.

GILKEY BROS. TOWING CO.

ANACORTES, WASH.

In as much as proposed bill has lumber from Canada on free list this company strongly opposes any duty on saw logs, the raw material coming from Canada. In the interest of conservation of timber and the long life of this large enterprise we strongly urge your efforts toward putting logs of all caliber of free list.

ANACORTES LUMBER & BOX CO.

ANACORTES, WASH., *May 1, 1923.*

CHAIRMAN UNITED STATES TARIFF COMMISSION,
Washington, D. C.

Our lumber manufacturing plants here are very much concerned about a shortage of logs in the northwest during the coming summer and it is going to be necessary for our mills to draw on British Columbia for logs. Inasmuch as there is a duty on logs from British Columbia while finished products from British Columbia come in free, this places our plants at a disadvantage in competing for business. We urge you to investigate this matter and believe if you do you will recommend reduction of tariff as provided for in bill.

ANACORTES CHAMBER OF COMMERCE.

BELLINGHAM, WASH., *April 29, 1923.*

TARIFF COMMISSION,
Washington, D. C.:

We ask that immediate consideration be given to the anomalous situation created by imposing a duty on logs, our raw material, and allowing lumber and shingles to come into our markets free from Canada.

Puget Sound has a surplus of mills and shortage of logs, which shortage is accentuated now by I. W. W. agitation. In Canada the situation is reversed, and a number of our mills will close and transfer to Canada unless they can have access to that log market. The towage rate from British Columbia of from \$1 to \$2.50 per thousand feet is ample protection to American loggers. We ask such reduction in duty on logs as is possible under the law immediately. Canadian mills are pouring their product into our markets and reach Atlantic points through the canal on same terms as our mills, although their lumber market is closed to us. Our mills should at least have access to their surplus log supply.

The matter is most urgent and vital.

BELLINGHAM CHAMBER OF COMMERCE,
A. W. DEMING, *President.*

DOMINION OF CANADA,
Province of British Columbia,
County of Vancouver, to wit:

I, James Chisholm Ralston, of the city of Vancouver, in the Province of British Columbia, a notary public in and for the said Province, by lawful authority duly appointed, do hereby certify that the paper writing hereunto annexed and pur-

porting to be a copy of the reasons for judgment of the chief justice given in an action numbered Mc. 471/1929 in the registry of the Supreme Court of Vancouver, B. C., wherein McDonald Murphy Lumber Co. (Ltd.) was the plaintiff, and the Attorney General of British Columbia was the defendant, is a true and faithful copy in words and figures of the said document to me produced, which after careful examination I attest.

In testimony whereof I have hereunto set my hand and notarial seal at the city of Vancouver, aforesaid, this 25th day of May, 1929.

JAS. RALSTON, *Notary Public.*

In the Supreme Court of British Columbia. MacDonalld Murphy Lumber Co. (Ltd.), v. the Attorney General of British Columbia. Reasons for judgment of the honorable chief justice

This is in the nature of a test action by which the plaintiffs are seeking by means of a declaratory judgment to test the validity of certain sections of the forestry act, namely sections 58, 62, and 127.

The plaintiffs, a company incorporated in the Province of British Columbia, are the owners in fee simple of certain timber lands on Vancouver Island in what is known as the Esquimalt & Nansimo Railway Belt, and particularly section 1, Renfrew district, and also block 75, Cowichan Lake district, and have the right to fell trees growing upon the said areas and to remove the timber. In the conduct of their logging operations they have complied with the provisions of the forestry act promulgated in that behalf by the department of lands of the Province, forest branch, paying the scaling fees and expenses and all proper taxes payable in respect of the timber shown in their accounts, other than that upon the timber taken from block 75 and section 1, which when they came to tender was refused on the ground that the tender was not accompanied by a return on what is known as Form F. B. 38, or by further the sum of \$2,025.24, being the amount of a timber tax alleged to be due on the timber cut from block 75 and section 1, referred to also at the trial as an export tax.

The plaintiffs, in the course of their business, had entered into contracts to sell the timber in question to a concern in the State of Washington, who manufacture timber into various articles of commerce, and were prevented from carrying out their contract by the acts aforesaid of the department. The timber is suitable for and is used in the manufacture of various articles of commerce. It was not the intention of the plaintiffs, or the purchaser in Washington, to use the said timber in British Columbia or to cause it to be manufactured into sawn lumber or other manufactured wood product in British Columbia, or to dispose of the said timber to any one who would use the same in British Columbia. It also appears that there is no royalty reserved to the Province of British Columbia upon the said timber and that there is no royalty or tax paid to the Dominion of Canada in respect of it.

When the plaintiffs informed the department of their intention to deliver this commodity to the purchasers in the State of Washington they were asked to sign Form F. B. 38 and to pay the sum of \$2,025.24 as a timber tax pursuant to section 58 of the forestry act to which there are four schedules. The plaintiffs refused to make the return or to pay the tax demanded. The defendants took prompt and effective steps to prevent the logs being taken across the border. They are now assembled in booms in British Columbia waters pending eventualities. The plaintiffs also claim damages. An old branch of trade is the purchase and sale of standing timber in British Columbia. The traffic in logs has been and still is an important feature in the trade and commerce of the Province both foreign and domestic in which are engaged producers, middlemen, manufacturers, and buyers of logs both in British Columbia and the State of Washington.

The plaintiffs submit that section 58 of the forestry act, being Cap. 93 of R. S. B. C. (1924), the return on Form F. B. 38 and other returns provided by the act, as well as section 62 and section 127 of said act, in so far as they refer to the plaintiff are ultra vires the Legislature of the Province of British Columbia. Section 58 enacts:

"There shall be due and payable to His Majesty a tax upon all timber cut within the Province, save and except that upon which a royalty is reserved by this act or the timber royalty act or that upon which any royalty or tax is payable to the Government of the Dominion, which tax shall be in accordance with the following schedules:

"SCHEDULE No. 1. Timber suitable for the manufacture of lumber and shingles, two dollars per thousand feet, board measure, on No. 1 grade; one dollar and fifty

cents per thousand feet, board measure, on No. 2 grade; and one dollar per thousand feet, board measure, on No. 3 grade: *Provided*, That a rebate of all the tax over one cent per thousand feet, board measure, shall be allowed when the timber upon which it is due or payable is manufactured or used in the Province."

Section 62 contains the following:

"(1) No person shall export or remove from the Province any timber in respect of which any royalty, tax, or revenue is payable to His Majesty in right of the Province, unless a permit is obtained from an officer of the forest branch certifying that the timber has been scaled, and all royalty, taxes, and revenue so payable in respect thereof have been paid.

"(2) Every contravention of the provisions of this section shall render the offender liable to forfeit and pay to His Majesty the sum of \$1,000, to be recovered, to be recovered, with all costs as between solicitor and client, in an action brought in the name of His Majesty in any court of competent jurisdiction.

"(3) The minister, or any person authorized by him, may do all things necessary to prevent a breach of the provisions of this section and to secure compliance therewith, and may for such purpose take, seize, and hold all timber which is, or is suspected to be, in course of transit out of the Province in contravention of the provisions of this section, and may also take, seize, and hold every boat which is towing any such timber; and if the minister decides that it is not the intention of the holder, owner, or person in possession of the timber to use it in the Province, or to manufacture it or cause it to be manufactured into sawn lumber or other manufactured wood product in the Province, or to dispose of the timber to others who will use the same in the Province, or have the same so manufactured in the Province, the minister may sell or cause to be sold such timber and boat by public auction, and the proceeds of the sale shall be the property of His Majesty, and shall form part of the consolidated revenue fund."

It is submitted on behalf of the plaintiff that these provisions are restrictive and tend to prohibit freedom of export trade in this article of commerce. As an inducement to the producer of the logs, the provincial government relaxes and offers a rebate if the logs are not exported. Should it be sought to export them the tax is demanded which, if paid, it is perforce added by the purchaser to the cost of the commodity. The act does not in terms state that this tax is an export tax. The defendants contend that the tax is a tax intended to be imposed upon timber after being cut. That it is a "timber tax," the levying of which is within the power of the legislature, the plaintiffs, on the other hand, contend that it is in effect, though perhaps not in form, an export tax. Applying epithets does not as a rule disclose the true character of a transaction or of a statutory enactment. Both parties invoke the opposite and well-known clauses of the B. N. act in their contentions as to whether this tax is direct or indirect. The two latest pronouncements by the Privy Council were cited, viz, *Atty. Gen. for B. C. v. Canadian Pacific Railway*, L. R. A. C. 1927, p. 934, and *City of Halifax v. J. P. Fairbanks* and another L. R. A. C. 1928, p. 117. In my judgment following the trial of the first case (*Attorney Gen. for B. C. v. Canadian Pacific Railway*), I dealt at length with the authorities which, up to that time, had, in my opinion, any useful bearing on this aspect of the case and which were also cited at the present trial.

No purpose can be served by now again referring to them in leading up to the ultimate judgments in the Privy Council in these cases. The Lord Chancellor in *City of Halifax v. J. P. Fairbanks*, supra, at page 126, expresses the opinion, which is to be taken as a guide in determining whether a tax is direct or indirect that "it is the nature and general tendency of the tax and not its incidence in particular or special cases which must determine its classification and validity," and his lordship observes that the established classification of the old and well-known species of taxation should not be disturbed by attempting to apply a new test to every particular member of those species—"the imposition of taxes on property and income, of death duties, and of municipal and local rates is, according to the common understanding of the term, direct taxation, just as the exaction of a customs or excise duty on commodities or of a percentage duty on services would ordinarily be regarded as indirect taxation; and although new forms of taxation may from time to time be added to one category or the other in accordance with Mills's formula, it would be wrong to use that formula as a ground for transferring a tax universally recognized as belonging to one class to a different class of taxation." If the meaning is that a tax may be placed in a category or bloc, such as the trade and commerce bloc; the customs and excise bloc; the personal property bloc, etc., which are separated by border lines not very clearly defined, I find no difficulty in assigning this tax to one of

the blocs upon which the Province must not trespass. I find that the nature and general tendency of the tax assailed is to pass it on to the purchaser, and is an indirect tax which is ultra vires the legislature of British Columbia.

The preliminary question, as to whether the plaintiff should not have proceeded by way of petition of right, was spoken to briefly and if counsel desire to be heard further I shall fix a day.

AULAY MORRISON, C. J.

**BRIEF OF J. H. BLOEDEL, IN BEHALF OF BLOEDEL-DONOVAN LUMBER MILLS,
SEATTLE, WASH., AND OTHERS**

[RED CEDAR LUMBER]

The undersigned file this brief in opposition to the 25 per cent ad valorem duty which it is proposed to place upon red-cedar lumber.

To fully and adequately understand this question of a tariff on red-cedar lumber, it is necessary, briefly, to review the character of the lumber-manufacturing industry in Washington and Oregon in its relation to cedar-lumber production.

In the Pacific Northwest the lumber industry is, to some extent, organized in three distinct divisions: Timber owning, logging, and manufacture. In no phase of it should this distinction be more clearly kept in mind than in the case of cedar products. Cedar does not grow separately but in a mixture with the predominating species of the coast, such as fir, hemlock, and, in places, spruce. Cedar is, therefore, not logged separately, but as an incident to the logging of fir and other species. Consequently, there has been a tendency for the manufacturer of cedar products to become specialized in the hands of distinct organizations. While this is not always the case, it is very common to find the log-buying mill purchasing cedar logs only for the manufacture of cedar lumber and shingles. The bulk of cedar lumber in Washington is produced by mills which not only manufacture cedar lumber but ship cedar logs to the Orient and manufacture shingles from the low-grade small logs. An economic study of the condition of the cedar-lumber industry can not, therefore, be entirely divorced from that of shingles in particular and of the whole cedar situation in general.

It will be the purpose of this brief to point out the fact that cedar lumber is no more entitled to a protective tariff than any other softwood lumber manufactured in the United States and in fact that it occupies a highly preferred position in the lumber industry of the Pacific Northwest, both as regards price of stumpage, the volume of competition which it must meet, and the price which the lumber brings in the market.

Cedar lumber is distinctive in character and such direct competition as it has comes largely from redwood in California and to a limited extent from pine and cypress. All of these woods are extensively used for siding or clapboards, and the competition from British Columbia cedar is, therefore, a very minor factor as will be readily seen from the volume of Canadian imports.

With this preliminary survey of the character of the industry, we may turn to a more detailed consideration of the condition of the domestic cedar industry in relation to British Columbia cedar; considering first the volume of imports from that source during the past few years; the cost of raw material in the two regions; the cost of production and wage scales; the differences in the character of the industry of British Columbia and Washington and Oregon; market prices on cedar lumber in its relation to principal competing products and in relation to its stumpage value; the advantages enjoyed by the domestic industry as compared with British Columbia; the effect of a tariff on depletion of the forest resources of Washington and Oregon, as far as cedar is concerned; and the effect of a tariff on the consumer as well as the trend of the market prices during the past years.

STUMPAGE AND LOG COSTS OF CEDAR

It is interesting to note that in the sales of stumpage which have taken place recently on the west coast no distinction is made in stumpage value as between cedar and Douglas fir. For example, a tract on the Quinault Indian Reservation, now advertised for sale, carries both fir and cedar stumpage at \$3 per thousand feet; but on the other hand, cedar logs have been commanding considerably higher prices than fir logs, and, in turn, cedar lumber has sold at prices very materially above those of fir. The logger is therefore not only not in need of tariff protection on cedar but is not entitled to it.

CEDAR-LUMBER IMPORTS

Proponents of the tariff on red-cedar lumber stated that the imports in 1927 were 57,820,000 feet and for the first 11 months of 1928 were 53,617,000 feet. The actual figures as compiled by the Department of Commerce in 1928 show imports of 45,049,000 feet, a decrease of 12,771,000 feet, or 21 per cent as compared with the year 1927. It will be seen from these figures that the volume of cedar-lumber imports is not large, although it constitutes a fairly considerable percentage of the production of cedar lumber in Oregon and Washington which is, in round figures, 250,000,000 feet. To arrive at a proper comparison of imports, however, in their effect on the industry, they should be compared not with the cedar lumber of Washington and Oregon alone, but with that of redwood as well, which is a comparable and competitive wood and which is manufactured extensively into siding and finish that competes directly with red cedar. Redwood production in 1925 totaled 490,000,000 feet, so that taken in connection with both the production of redwood and cedar in the United States, the imports from Canada constitute less than 7 per cent of the domestic production.

RAW MATERIAL COSTS

Much has been said of the lower cost of raw material to the Canadian manufacturer, but this has not been substantiated. On the contrary, it has been shown that cedar logs which constitute raw material in both countries are, on the basis of the same unit of measure, closely comparable in price on both sides of the international boundary. Straight price quotation comparisons are difficult, due to the difference in scaling (measuring) methods prevailing in the two countries. It has been demonstrated again and again that the Canadian log scale gives a higher footage than the scale prevailing on Puget Sound and the American side. In other words, a thousand feet of logs as measured in Washington will cut out as much as 20 per cent more lumber than a thousand feet of logs as measured in Canada. An exhibit accompanying the cedar lumber brief filed with the Ways and Means Committee of the House shows that on 34 rafts of logs which were scaled (measured) in British Columbia and subsequently scaled in Washington, the average difference was 14.7 per cent; the Washington log scale being that much lower than the British Columbia scale. There is also a difference in grades on the two sides of the line, so that exact comparisons of material costs are difficult to obtain. As a general proposition, however, within the limits of difference in scale and grade, there is a natural tendency toward an equalization of log prices on the Puget Sound market, whether the logs be in Canada or in Washington. There will be variation from time to time, depending on local log supply. For example, at the present time cedar shingle logs are higher in British Columbia than they are in the United States.

The present list price of shingle logs in Puget Sound is \$21 per thousand. In British Columbia a No. 2 log is \$20 per thousand. In comparing these prices, however, it must be borne in mind that the British Columbia log scale is 14.7 per cent higher than that of Puget Sound. In other words, a British Columbia manufacturer of cedar shingles buying his logs on the open market, actually received only 853 feet board measure for \$20, while the Puget Sound manufacturer gets a full 1,000 feet for \$21.

If we compare the present-day price on cedar lumber logs, we find there is a variation not only in amount of timber estimated in a log as between British Columbia and Puget Sound, on the aforementioned basis, but the grade rule for this class of log is of a considerably higher standard in Puget Sound than in British Columbia. In British Columbia cedar logs down to a 20-inch top diameter are admitted into the No. 1 grade, while in Puget Sound only logs 26-inch top diameter and over are admitted. It will be easily seen from this that the Puget Sound manufacturer obtains much higher grade lumber logs than his British Columbia competitor does in the so-called British Columbia No. 1 cedar log. These variations in scale and grade easily offset the apparent difference in list prices in the two regions.

Wage schedules in the two regions are practically identical, so it is absolutely erroneous to say that there is any material difference between the production costs of the two countries.

Unfortunately, no figures are available on the actual costs, outside of logs, on the two sides of the line. The United States Tariff Commission, in its investigation of the shingle industry (report of March 2, 1927), went very exhaustively

into the costs and wages in British Columbia and in Washington and Oregon. Its findings were that costs were generally higher in British Columbia; that wage scales were very similar between the two countries. The same proposition would hold good in the manufacture of cedar lumber, as practically the same companies investigated by the Tariff Commission are the ones engaged in the manufacture of this product, and the wage scales and costs from a comparative standpoint do not differ in any important degree from what is found to be the case with shingles.

PRICES

No evidence has been introduced that would indicate that Canadian cedar lumber is sold for anything less than the prices made by the manufacturers in Oregon and Washington. In fact, so far as we know, no charge has been made to that effect. In this connection, note below comparison of published price lists of two producers of cedar lumber, one located in Canada and the other in the United States, covering prices prevailing during the month of May, 1929, on items that include quite a large proportion of cedar lumber production. There has here also been added the prices prevailing for identical items in redwood.

May prices on cedar and redwood lumber

	Seattle Cedar Lumber Co.	Capitola Timber Co.	Redwood Sales Co.
¾ by 12" bungalow siding, clear, VG.....	\$65.00	\$65.00	\$33.75
¾ by 8" bungalow siding, clear, VG.....	47.00	47.00	31.75
¾ by 12" bungalow siding, Ave., MG.....	60.00		
¾ by 8" bungalow siding, Ave., MG.....	42.00		
Bevel siding 6-inch, clear, VG.....	35.00	35.00	25.00
Bevel siding 6-inch, A.....	32.00	32.00	26.00
Bevel siding, 6-inch, B.....	24.00	24.00	21.00
1 by 6" clear finish.....	60.00	60.00	57.00
1 by 12" clear finish.....	80.00	80.00	63.00
1½ by 12" clear finish.....	90.00	90.00	70.50

It will be seen from this table that prices are identical between the cedar lumber producers on both sides of the line, but that redwood prices are decidedly lower than red cedar prices on comparable items. Consequently, it can not be said that the prices made by Canadian manufacturers are in any way detrimental to the red cedar industry, but rather that redwood is a more serious competitor in view of the fact that the tables show very high prices prevailing for red cedar as compared with redwood, yet redwood manufacturers have not appeared asking for a tariff. Cedar lumber has consistently commanded a much higher price than has Douglas fir, which is our greatest stable building lumber, and which, on the average, according to figures of the West Coast Lumbermen's Association, realized \$20.21 in 1927 and \$19.53 in 1928. This point is one of great importance in any discussion of a tariff on cedar lumber; while exact figures are not available, it may be readily deduced from market prices on various cedar items that the average price prevailing for red cedar is greatly in excess of \$30. Moreover, it should be borne in mind that the prices quoted for cedar are on the basis of stock which is mostly one-half inch and five-eighths inch in thickness. Granting that it costs more to manufacture cedar, allowing for waste and time, \$5 to \$6 a thousand would be a liberal allowance for the additional manufacturing cost, and with a difference of \$10 to \$20 on the thousand average selling price, it can be readily seen that cedar lumber nets the manufacturer a great deal more than most other softwoods.

Instead of the British Columbia manufacturer having an advantage in marketing his product either in the form of raw material costs or any other competitive advantage, the facts are that the advantage rests with the producer in Washington and Oregon, because he enjoys an excellent and rapidly growing local market for short lengths and the lower grades of siding and cedar lumber. British Columbia manufacturers are barred from this market by disproportionate transportation costs. This local market for its lower grade gives the Washington and Oregon manufacturers a distinct advantage when competing with other similar woods in the markets of the United States.

As has been mentioned, cedar is manufactured very extensively into various types of siding and clapboards as well as into interior finish, boat stock, and other specialties. Owing to its peculiar physical properties it finds very little competition with other woods in these fields, and competing woods are not produced in large quantities as a rule. Mention has been made of California redwood, which is also used in the siding field, and of pine from the Northwest, which enters to some extent the siding field. The volume of this competition, owing to limitation of supplies, is comparatively small.

DEPLETION

No discussion of a tariff on cedar lumber would be complete without taking into consideration the future supply of this wood in Washington and Oregon. Tables and figures produced in the shingle brief filed with the Ways and Means Committee and in the cedar-lumber brief show conclusively that the end of the cedar-timber supply in Washington is already in sight. Figures quoted by State Forester Joy, of Washington, and W. H. Gibbons, of the United States Forest Service, show that the remaining stand of cedar in Washington in private ownership is only 16,910,000,000 feet, and that this is being depleted at the rate of 1,173,000,000 feet per year, even making allowance for the imports of cedar logs from British Columbia. At this rate it is obvious that there is only 15 years' supply in private ownership, and in many localities another five years will see a shortage of cedar for manufacture. Cedar is also being exported in the form of logs to a very considerable degree, which adds considerably to the rapidity of depletion of our domestic supply. Should the 25 per cent ad valorem duty stand, this depletion would be greatly accelerated. It is only the part of common sense to avail ourselves of the relatively small amount of cedar lumber imported annually, as it by just that much extends the life of our own supply.

THE EFFECT ON THE CONSUMER

The 25 per cent ad valorem tariff on cedar lumber will mean an average price advance of \$8 to \$20 per thousand feet, which would be considerably augmented by the time it reached the consumer. In view of the fact that the cedar lumber industry occupies already an advantageous position, that the price that it receives for its product is very high in contrast with other commercial softwoods of the United States, and in view of the fact that on a higher priced commodity of this form, a 25 per cent ad valorem duty would be equivalent to a complete exclusion of the foreign source of supply, it seems obvious that it is most unfair to the consumer to place any duty upon this product. Furthermore, to protect an industry which already obtains such a high price for its product appears to be wholly unwarranted and will merely swell unduly the profits of the manufacturer, and eventually place a fictitious price upon the remaining cedar stumpage which is held by a comparatively few. It is also interesting to note in this connection that in a period of the last year, in fact almost since the question of a tariff came up for consideration, prices of cedar products have advanced materially.

Substantial increase in cedar lumber prices in last 16 months

	Jan. 1, 1928, mill price	May 1, 1929, mill price	Increase in mill price	Per cent.
6-inch clear siding.....	\$27	\$35		30
4-inch clear siding.....	23	29		26
3½-inch by 8-inch bungalow siding.....	33	39		18
3½-inch by 8-inch bungalow siding.....	40	47		17
3½-inch by 10-inch bungalow siding.....	50	56		12

It will be seen from this table that cedar lumber prices have already advanced from 12 to 30 per cent on various items. To add on top of this a 25 per cent ad valorem duty would be pyramiding prices to the consumer to an appalling degree. Another noteworthy fact is the rise in this same period of cedar log prices: Shingle logs have risen from \$17 to \$21 per thousand while lumber logs have advanced from \$26 to \$35. As has been stated, cedar lumber manufacture is largely carried on by log-buying mills. Even were these mills given a protective

tariff and the price of their product advanced accordingly, there is grave room for doubt as to whether it would profit these mills at all. The simultaneous advance of log prices is indicative of this. Most if not all the increase would be absorbed by the loggers who are comparatively few in number and far better organized. As has been shown in the record, these loggers have been making very high profits and the effect of a tariff would be to tremendously increase these profits.

Cedar stumpage is in the hands of a comparatively few holders. And these big timber owners would get the lion's share of the tariff increase. Such a situation would be still further aggravated by the imposition of a tariff against Canadian logs, which would make it that much easier for the logger and timber owner to squeeze the log-buying mill. In short a proper understanding of the economic conditions of the industry in Washington and Oregon makes it obvious that a tariff will merely make wealthier a handful of large timber owners through rapid increase in stumpage values.

CONCLUSION

Finally, it is difficult to conceive of any item on the lumber list less entitled to a protective tariff than cedar lumber. As has been pointed out, the volume of competition from Canada is almost negligible. This wood in the form of lumber is produced only to a limited extent in this country and enjoys a wide spread and ready market for its product and meets with such limited competition at home that it occupies a preferred position in the lumber world. It is a valuable house building material used very largely for farm buildings and dwellings, and to erect a tariff barrier against the Canadian product would merely hasten the day when we would have to go to Canada for our entire supply. No argument of any weight or moment has been advanced why cedar lumber should have a protective tariff and no supporting data concerning production costs has been brought forth by the proponents of such a tariff. In view of the overwhelming array of facts against this tariff it is submitted that the proposed 25 per cent ad valorem duty should be removed and cedar lumber restored to the free list, where it belongs.

Respectfully submitted.

J. H. Bloedel, president Bloedel-Donovan Lumber Mills, Seattle, Wash., on behalf of Winton Lumber Co., Gibbs, Idaho; McGoldrick Lumber Co., Spokane, Wash.; Shevlin-Carpenter & Clarke Co., Minneapolis, Minn.; Kirby Lumber Co., Houston, Tex.; McCloud River Lumber Co., McCloud, Calif.; Yawkey-Bissel Lumber Co., White Lake, Wis.; Silver Falls Timber Co., Silver Falls, Ore.; Pollys Lumber Co., Missoula, Mont.; Brooks-Seanlon Lumber Co., Bend, Ore.; J. Neils Lumber Co., Klickitat, Wash.; W. C. Geddes, vice president Craig Mountain Lumber Co., Winchester, Idaho.

SUPPLEMENTAL BRIEF OF J. H. BLOEDEL, BLOEDEL-DONOVAN SAWMILLS

Mr. Edwards appeared before the subcommittee on the wood schedule and depicted once more the distressed condition of the cedar industry. This argument is so unsupported by any definite facts that it can not be given weight in any discussion of the tariff on shingles. Mr. Edwards states that it has been so thoroughly advertised that this seems to be unnecessary.

There is no question that this picture of the industry has been widely advertised and such facts as the decrease in production of shingles in Washington and Oregon, growth of production in British Columbia, as well as the disappearance of many small shingle mills, have again and again been brought forth as evidence of the depressed condition of the industry. The causes for the decrease in production have been fully covered in the record before the Ways and Means Committee and the Senate Finance Committee and should not occupy further attention here.

The question of the depression of the industry as a whole is not entirely essential to a discussion of the tariff unless it can be proved, first, that it exists, and secondly, that its existence is due to foreign competition. We feel that its existence has never been proved. There are many facts to disprove it such as the present relatively high price of shingles, the increase in the average production per shingle mill in Washington and Oregon, the increased production over a

period of years of a very large number of individual firms and the fact that the larger firms, with their sources of supply in way of timber and logs, have been generally prosperous.

It has also been pointed out that the lack of prosperity among log-buying shingle mills is largely due to the fact that increases in the price of shingles or improvements of demand are reflected in a higher price for cedar logs, and that these shingle mills are so much at the mercy of the logger that in many instances it is impossible for them to prosper. That is a fact that can not be overemphasized because it is an internal condition in the make-up of the industry, and can not, in any way, be related to the question of a tariff on shingles.

The record shows that the shingle mills of Washington and Oregon produce low-grade shingles largely, which compete directly with composition roofing and are also discriminated against by many fire ordinances. This has so limited the market for these shingles that it is possible for the shingle business to be depressed as far as mills producing largely low-grade shingles are concerned, while mills in British Columbia or Washington and Oregon that produce high-grade shingles may be enjoying prosperity. It has also been shown again and again that the competition between the high-grade shingle of British Columbia and the low-grade shingles which constitute the bulk of production of Washington and Oregon is nonexistent. Consumers conscious of the difference between the various grades of shingles, appreciating the merits of the high-grade shingles, demand these, and lacking these shingles they turn to other high-grade roofing materials.

Mr. Edwards further states that the shingle industry is handicapped by the import duty on logs coming in from British Columbia. To this we thoroughly agree and would point out that Mr. Edwards really argues very soundly for free logs. One of the helpful things that the Government can do for the shingle industry is to give it a free log market in Puget Sound for British Columbia cedar logs.

Mr. Edwards then proceeds to the oriental labor hallucination, but the chairman of the subcommittee on the wood schedule has so effectively disposed of this, and it has been so repeatedly shown in briefs that it has no bearing on the tariff problem that we do not feel further comment is necessary.

Mr. Edwards describes the bankruptcy of mills in the shingle industry and refers to the high percentage of mills that have gone out of business. While it is not made clear by Mr. Edwards's testimony, it appears that he includes in his list of mills those that have burned down, been absorbed, or consolidated with others, and some that have changed hands; there is reason also to believe that he includes mills that have ceased production through exhaustion of their supply of cedar timber. However that may be, the significant fact remains that the average production per shingle mill in Washington and Oregon has increased 122 per cent, a very striking fact that indicates that the small log-buying mill has not found it possible to compete with the larger and more efficient operations for the supply of cedar logs available for shingle manufacture in Puget Sound. It might not be out of place at this point to again emphasize the fact that competition for cedar shingle logs has become increasingly intense and that frequent shortages have resulted in bidding up shingle log prices to a point where the log buying mill has found it difficult to obtain an adequate supply and then only, at a price which effectively removed any possibility of the shingle manufacturer making a profit.

Mr. Edwards further on in his statement admits that exhaustion of the cedar supply has forced many inferior mills out of business and that the log situation on Puget Sound is so unfavorable as to make the establishment of their mills on the Sound futile. With this statement we are in entire accord.

Mr. Edwards makes the surprising reiteration of his statement before the Ways and Means Committee that costs are higher in Oregon and Washington than in British Columbia. We are not able to understand the frame of mind that will persist in making this statement unsupported by anything but the vaguest discourses on log scaling in face of the thorough cost investigation made by the United States Tariff Commission which showed clearly that costs are uniformly higher in British Columbia than in Washington and Oregon. We do not wish further to encumber the record by repeating the figures which are of the Tariff's Commission's report which have been quoted and digested in the briefs filed before the Ways and Means Committee.

We think that Mr. Edwards's admission of the higher prices obtained for British Columbia shingles should be corrected to the extent that he describes this as of recent origin. While he admits that such is the case now, he implies it has not

always been so and particularly refers to the grade of "clears." This grade is not imported from British Columbia at all, or if so, to a negligible extent, which fact is thoroughly established in the Tariff Commission's report. The question of comparative shingle prices for domestic and British Columbia shingles was thoroughly analyzed by the Tariff Commission which definitely concluded that the imported shingles always sell at higher prices.

Mr. Edwards's frank tribute to the merchandising methods of British Columbia shingle mills is no more than just, but is certainly no cause for a tariff, as the tariff is not an instrument for equalizing merchandising ability. It would seem fairly evident that an attempt to increase the sale of an inferior product or to bolster up inefficient merchandising of the same product by a tariff must fall of its own weight. The competition from substitute materials would effectively prevent the tariff from in any way aiding the industry.

Mr. Edwards's answer to a question of the subcommittee is that he does not fear competition of composition roofings and again applies lower costs of production in British Columbia shingles. In view of the fact that the shingle industry itself has repeatedly complained of substitute roofing competition, and at times has endeavored to combat it, his first statement is hardly worth commenting upon. The same applies to the 20 per cent difference in costs which is so far from proven facts that it is almost inconceivable that Mr. Edwards can believe this himself. His statement as to what the 25 per cent ad valorem duty means in dollars and cents is also absurd. The cheapest grade of shingles imported from British Columbia in any quantity is the 5-X shingle, which to-day is selling at the mills for \$4.25 per thousand. A 25 per cent ad valorem duty would mean a duty of \$1.06 which the testimony of other witnesses has shown would be prohibitive and effectively exclude importations of some of the higher grade of shingles and the duty would be correspondingly higher. To talk about 12 cents and 14 cents indicates a complete lack of knowledge of the actual conditions. In this question of costs it is not necessary to rely on the statement of any interested witness, as the Tariff Commission has so conclusively shown that costs are higher in British Columbia that to add a 25 per cent ad valorem duty to costs that are already higher makes it self-evident that such a duty would be prohibitive.

Mr. Edwards's testimony with regard to the variations in the scale between British Columbia and Puget Sound is so hopelessly confused that it is difficult to comment upon it. It has been proven conclusively that the British Columbia scale varies, according to the report of the Tariff Commission on the red-cedar shingle industry, from 5 to 15 per cent higher than that of Puget Sound. The actual difference in the 34 rafts mentioned by him was 14.7 per cent in favor of the domestic log buyer. There is no gainsaying these figures and Mr. Edwards in attempting to do so has merely presented a statement which offers no light whatsoever upon the subject.

In his attempt to discuss scaling Mr. Edwards claims that British Columbia shingle mills obtain a cut of 10,000 shingles per 1,000 feet of log, as against the same cut of Washington and Oregon. Fortunately unbiased expert information is also available on this point in the report of the Tariff Commission. This report states, on page 49, that the average number of shingles produced from 1,000 feet of logs in 1925 was 9,900 of the Washington and Oregon mills and only 7,750, or 22 per cent less, in the British Columbia mills. The Tariff Commission's investigation covered a large number of mills in both regions.

Mr. Edwards in his comments on the effect on the farmer is not sufficiently lucid to be answered in full. It is worthy of note, however, that he here confesses that he thinks a 25 per cent ad valorem tariff will exclude Canadian shingles and thereby give the market to American producers. Previously Mr. Edwards testified that it would not exclude Canadian shingles.

Mr. Edwards, in his concluding testimony, questioned the costs of shingle manufacture obtained by Mr. Bloedel and implied that it was probably due to the charging up of the logs at a lower figure than the market price. This brings out a very interesting point. The Tariff Commission in its report on the shingle industry brings the fact out very clearly that many shingle mills in buying logs buy not only shingle logs but select the better grade of shingle logs for cedar lumber manufacture, consequently, while they may pay the market price for shingle logs, actually they use the poorer end of the log for shingles, and they should charge them up at less than average cost.

Summing up the testimony of Mr. Edwards before the committee, he has brought forth nothing new, nor has he substantiated by facts any arguments for a tariff. It is really amazing that any one should appear asking for a tariff so little fortified with the actual conditions surrounding his industry. May we,

in conclusion, therefore, reiterate certain basic facts pertaining to this industry, which in our judgment more than answer any of the arguments produced by Mr. Edwards?

1. The Tariff Commission obtained actual costs from 27 straight shingle mills in Washington and Oregon and 7 combination cedar lumber and shingle mills, and also obtained costs from the books of 15 straight shingle mills and 5 combination mills in British Columbia and found that the average cost of shingle manufacture was 54.2 cents higher in British Columbia than in Washington and Oregon, including in the cost, interest, and selling expense.

2. It also found that on every one of the imported grades of shingles the costs were higher, grade for grade, in British Columbia than in Washington and Oregon. Mr. Edwards has certainly brought no figures to the committee which would in any way impair or throw doubt on the figures of the Tariff Commission. Mr. Edwards has admitted and we reiterate it once more, that British Columbia shingles sell for more money, grade for grade, in the American market, than do Washington and Oregon shingles. We are appending hereto a current price list from British Columbia and American mills.

3. All of the evidence before the Ways and Means Committee and the Senate Finance Committee fully demonstrates that were British Columbia shingles excluded by a 25 per cent ad valorem tariff, the Washington and Oregon mills would not be able to supply the demand for high-grade shingles.

If it is true, as Mr. Edwards would have you believe, that actual competition exists between Washington and Oregon shingles and those of British Columbia, why, may we ask, has not the industry in Washington and Oregon attempted to meet this competition by producing a larger percentage of better shingles?

Furthermore, if the industry, under the stimulation of this so-called competition has not done so, what reason is there to believe that they will do so when the competition is removed, particularly in view of the fact that it has been shown again and again that they are producing these grades at less cost than British Columbia. Mr. Edwards concedes better merchandising methods to the British Columbia manufacturers but surely they should not be penalized for that by a tariff.

Mr. Bratlie in his appearance before the subcommittee on the wood schedule, stated that he was appearing on behalf of cedar lumber. If we except his opening remarks, however, Mr. Bratlie confined his statement largely to shingles. As a great deal of Mr. Bratlie's testimony is along the general line covered by Mr. Edwards, no detailed answer is needed here.

He makes the usual statement about costs being higher in Canada than in Washington and Oregon and bases the need for protection on that claim. As is usual also, he fails to substantiate this statement with any real comparative cost information. He contends that it is impossible to segregate the cost of producing cedar lumber from the cost of producing shingles in mills where both are produced and his contention is probably true to the extent that many of the combination mills do not keep their costs segregated. That it can not be done is of course not true since the Tariff Commission contrary to Mr. Bratlie's statement did actually make such a segregation, which is evidenced in its report on the shingle industry.

Mr. Bratlie also betrays a lack of knowledge of modern accounting methods and it is fair to assume that his attitude toward costs is somewhat typical of many shingle manufacturers and that it is perhaps, one of the reasons why they do not fully grasp the problems of their industry.

Mr. Bratlie refers in one place to a 13 per cent difference in cost between Oregon and Washington and British Columbia. His statement is rather vague, but analyzed it seems to come down to this—that if he were to manufacture a high-grade shingle it would increase his consumption of raw material approximately 13 per cent. That because of that fact he needs a protective tariff in order to manufacture high-grade shingles. Of course, he overlooks the fact that the British Columbia manufacturer actually uses this additional 13 per cent and that his costs are higher grade for grade than the cost of producing high-grade shingles in Washington and Oregon.

Mr. Bratlie's testimony shows a lack of familiarity with the Puget Sound log market and with log importations. It should be pointed out that although he operates a log-buying mill, his market for logs is on the Columbia River and that consequently a tariff on British Columbia cedar logs will have no effect on his log supply as far as his own operation is concerned. He should have brought out the fact, however, that cedar lumber logs, which is the highest grade of cedar logs, are already selling for \$35 per thousand as compared with \$26 per thousand for the highest grade of Douglas fir logs. Since both are logged in the same

operation and at the same logging cost, and since cedar stumpage has so far been sold pretty much on a parity with that of Douglas fir, this is a very pertinent fact. It shows, first, that the cedar-lumber market must be extremely strong and that cedar lumber must bring high prices otherwise the log-buying mills would not be able to pay this price at all and remain in the business. It is also indicative of the growing scarcity of cedar logs that the advances during the last six months in the prices of cedar shingle logs shows the same scarcity in this direction.

Mr. Bratlie does describe cedar lumber as a very high grade product, although he does not bring out the fact that it is the highest-priced softwood manufactured and sold in the west coast region. He does tell you that cedar lumber occupies a preferred position from a competitive standpoint on account of its distinctive character and limited production together with its wide market.

Mr. Bratlie's figures on the relation of imports to domestic production should be corrected. He states that British Columbia exports constituted one-third of the entire production of Washington and Oregon. Actual figures of imports of cedar lumber from the Department of Commerce are that about 56,000,000 feet were imported in 1927, and 1928, 45,049,000 feet. The best available figures indicate that the production of cedar lumber in Washington and Oregon is about 250,000,000 feet annually. Consequently the imports last year were less than 20 per cent of the domestic production. It is also misleading to say that British Columbia cedar is the only competitor for cedar lumber. There is a more or less direct competition between red cedar and the redwood of California, which is also manufactured into siding of a type and character very similar to cedar. It is also interesting to note that cedar outsells the redwood in price, grade for grade.

Mr. Bratlie fails to also make clear in any way why lumber that brings such high prices as cedar siding does should be in need of a tariff. Mr. Bratlie's venture into the subject of depletion is rather unsound. He apparently fails to grasp the fact that while the output of cedar is dependent on the output of fir because it is never logged separately, that it is none the less being rapidly depleted and that one of the ailments from which the cedar-lumber industry and shingle industry suffers is the growing scarcity of cedar logs. This latter is caused by the decreased percentage in the standing timber which is being logged and has resulted in increasingly high prices on logs to cedar-shingle mills on both shingle logs and lumber logs where mills are dependent on the log market for their supply. We can not emphasize too often that this is the true economic situation which prevents profits for many shingle and cedar-lumber mills.

Mr. Bratlie refers at considerable length to the Japanese tariff against Douglas fir from the west coast and seems to wish to convey the idea that the Japanese tariff is a Japanese conservation measure in the interest of growing timber at home. As a matter of actual fact, the tariff on imports from the United States and Canada were imposed by the Japanese Government through influences of large interests in Japan who have heavily invested in Siberian timber. This Siberian timber and lumber is given preferred rating on imports as against North American lumber. This is the real reason why Japan has recently increased her import duties on lumber coming from this country and is not a matter of conservation.

Mr. Bratlie remarks on trade balances and quotes figures on the tourist trade. Such figures are nothing but guesswork, but regardless of that, Mr. Bratlie's discussion of trade balances is not such as to require any answer.

In conclusion we would point out that Mr. Bratlie's testimony contains no facts or information on which your committee can base a tariff on cedar lumber or shingles.

Mr. Bergstrom's testimony is largely an assent to that of Mr. Edwards and Mr. Bratlie. There is one point, however, to which he refers that should be answered. Mr. Bergstrom calls attention to the Bloedel-Donovan Lumber Mills shingle plant shutdown at a time when their mill in British Columbia was running. This is correct in part. The facts are that owing to the scarcity of shingle logs in the Puget Sound market, shingle logs had advanced to a price where Mr. Bloedel found it far more profitable to sell the logs rather than manufacture them. This is a striking illustration of our contention that the trouble with the shingle industry is very largely due to the fact that the log-buying shingle mill can not make money because the logger absorbs the profit. Moreover, as there is a tendency for cedar timber to become less in proportion to the rest of the standing timber, the tendency toward a shortage of cedar logs in the Puget Sound market is on the increase, consequently nothing could be more absurd than for the log-buying shingle mills to appear before your committee and advocate a tariff on cedar logs imported from British Columbia.

What little hope of salvation there is for the log-buying shingle mills lies in the duty-free Canadian logs on the Puget Sound market with fair log prices and the production of a high-grade shingle which can successfully compete against the many substitute roofing materials which are produced in this country.

In closing, we can not forbear to add that it is probable that in no industry is Congress better fortified with impartial and unbiased facts than it is on the shingle industry. It has a thorough and exhaustive report covering production costs, prices, competition, and other pertinent facts based on actual records of mills producing a large portion of the total production, sent to the President with the unanimous approval of the Tariff Commission. Not one scintilla of evidence which in any way modifies the commission's findings of fact has been brought forth in the hearings.

Finally, these facts point conclusively to higher costs and higher prices for the British Columbia shingles. To our knowledge, Congress has never knowingly imposed a tariff on foreign products on the face of such facts.

Comparative shingle prices, British Columbia and Washington, May 31, 1929

Red-cedar shingles (1,000 pack)	Wash- ington	British Columbia	Red-cedar shingles (1,000 pack)	Wash- ington	British Columbia
No. 1 Royals, 4/2, 24 inches.....	\$11.50	\$12.25	No. 2 Perfections, 5/2 1/4, 18 inches.....	\$2.50	
Perfections, 5/2 1/4, 18 inches.....	5.00	5.25	10-inch clears, 5/2, 16 inches.....	2.15	
Eurekas, 5/2, 18 inches.....	4.00	5.05	Choice A's, 5/2, 16 inches.....	1.65	
XXX XX, 5/2, 16 inches.....	4.00	4.25	Common A's, 6/2, 16 inches.....	1.25	
All clears, 5/2, 16 inches.....	3.25		XXX, 6/2, 16 inches.....		\$3.00
Extra clears, 5/2, 16 inches.....	3.00		5 by 16 inch dimension, 5/2, 16 inches.....		5.25
Extra A's, 6/2, 16 inches.....	2.65		6 by 18 inch dimension, 5/2 1/4, 18 inches.....		6.25
Dimensions 5 inches and 6 inches, 5/2, 16 inches.....	3.75				

Capilano Timber Co. (Ltd.), North Vancouver, British Columbia; Clough-Hartley Co., Everett, Wash.

SHINGLE MILLS IN BRITISH COLUMBIA WHICH HAVE FAILED SINCE JANUARY 1, 1919

(Partial list taken from Dun's report)

Mission Shingle Co., South Vancouver Shingle Co., Vedder River Shingle Co., Smith & Tait Shingle Co., Spirling Lumber & Shingle Co., F. Spirling Shingle Co., Dominion Shingle & Cedar Co., Premium Shingle Co. (Ltd.), Valley Mills (Ltd.), Whonnoek Shingle Co., Stillwater Lumber & Shingle Co., Green Bay Shingle Mills, Churchill & Sons Shingle Co., Gilroy Shingle Co., Standard Shingle Co., Shull Lumber & Shingle Co., Rainbow Shingle Co., Capital Shingle Co., Coast Shingle Co., Port Alberni Canal Shingle Co., Lions Shingle Mill, Canada Shingle Co., Frog Lake Shingle Co.

SUPPLEMENTAL BRIEF OF J. H. BLOEDEL, BLOEDEL-DONOVAN SAWMILLS

Mr. Irving's oral testimony is interesting but contains no facts or figures in support of his contention that a duty of \$1 per thousand on logs entering Puget Sound from Canada is justifiable or necessary. We do not therefore, propose to comment on his testimony except in the following particulars.

First, Mr. Irving infers that because Puget Sound loggers contemplate closing down their operations on July 1, and were closed down for several weeks in the early part of 1929 and also during July 1928, these shutdowns were necessitated through competition with Canadian logs in the domestic market. The simple fact is that camps close down in July for the purpose of giving employees the usual summer holiday and also to permit reconditioning logging equipment. This happens every year and it is an established policy among operators in the logging industry in the coastal regions of the Pacific Northwest. The suspension of operations in January this year, was due entirely to abnormal weather conditions. The Pacific Northwest experienced a very unusual winter and practically all camps found it impossible to operate on account of the extreme cold and unusually deep snowfall.

Second, Mr. Irving appears to fear large increases in imports of logs from British Columbia to Puget Sound in the near future and states that there are in Canadian waters at the present time, logs amounting to 500,000,000 feet. His fears are entirely groundless. An actual physical inventory of logs in the water

taken by officers of the British Columbia Forest Service between June 12 and June 21, found that there were 360,000,000 feet of logs in British Columbia waters. This represents less than two months supply for British Columbia mills and is actually less than a normal quantity for this time of year. It is insufficient to carry British Columbia sawmills over the customary midsummer shut-down of logging camps. It is obvious therefore, that there is little possibility of an increase in exports.

Third, Mr. Irving's description of logging conditions and the accessibility of timber in Washington and British Columbia, while it is interesting, is not based on fact. It is true that British Columbia commenced exploiting her timber some years later than log operations began in Puget Sound, but her position with regard to water-front timber is very similar to that of Washington. At least 75 per cent of the timber logged in the Vancouver forest district, which is the principal lumber producing region in British Columbia, is hauled distances from 5 to 30 miles to tidewater.

It must also be remembered, when comparing the accessibility of British Columbia timber with that of Washington, that towing distances in British Columbia to points of consumption are, on the average, considerably longer than those of Puget Sound.

Mr. Irving, in his contention that British Columbia is more fortunate than Washington with regard to accessibility of timber, shows an entire lack of knowledge of British Columbia conditions.

In conclusion, may we leave this thought in the minds of the members of your committee? The timber region tributary to the waters of Puget Sound form a large, natural unit where conditions of timber growth, topography, and other conditions are very much the same regardless of any international boundary.

Into the basin of Puget Sound must come the logs to supply American lumber and shingle mills. Whether they come from timber on the Canadian side or whether American timber owners have owned timber in Washington or in the Province of British Columbia makes little difference. One operator has been forced through depletion of domestic supplies to extend his source of raw materials within the borders of Canada, while another has been fortunate enough to be able to extend his into Washington. The fact remains that the continued operation of many American mills is vitally bound up in free and unrestricted access to this great timber unit. To ask for a tariff on logs under such conditions is merely a case of one group of American operators trying to secure an unfair advantage over another group of American operators under the pretense of calling it a protective tariff.

Finally, a tariff on logs will merely benefit the few fortunate loggers and timber owners who own and control the bulk of the remaining privately owned standing timber in Washington, which is already in dangerously few hands. One company alone owns between 15 and 20 per cent of it and a log tariff would have the effect of tremendously enhancing the value of these huge holdings.

STATEMENT OF JOSEPH IRVING, EVERETT, WASH., REPRESENTING COMMITTEE OF LOGGERS, STATE OF WASHINGTON

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Whom do you represent?

Mr. IRVING. I represent the committee on logs of this committee we have here, and I am also the president of the Puget Sound Loggers Association, and also represent five different companies, of which I am president. We employ about 2,000 men.

I have a brief here to put in. I figure it will take three weeks to read it. I think I can say amen to what Mr. Lamb has presented.

Senator COUZENS. There is no use of repeating it then.

Mr. IRVING. No, sir. I started logging, like Mr. Bloedel did, about 37 years ago. He had \$6,000; I did not have any, and I haven't got any now. I am, however, if you would ask people in the district where I live, considered, or they would say that I was quite successful—I would be considered a successful man back there. They would say he has done pretty well. Take 10 or 12 or 15 or 20 men in our district in this same line of business and they would be considered

the men that are doing the business. They would say Bloedel may be the best or Mark Reed may be the best. Some would say Bloedel, some might say Irving was the best or Bloedel was the best. When we come to see his figures I will have to admit that he is without doubt the very best. He is the king-pin of them all. That is all.

The figures in this book which I have here will show, if you need them, if you want to get at this, that for an investment of a hundred million dollars in 27 concerns over a period of 10 years with a consolidated cost statement all kept the same way that they have been getting a trifle over 6 per cent. Some 12 years ago probably this consolidated cost statement was made up. At the loggers' meeting at lunch someone said his cookhouse made money. Some one else said mine does not. The question was asked "Then what is the matter?" We have the same pay, cooks, and buy the same grub, why do we not make money? We charge the men the same. When they started checking one thing and another they found they did not keep their books the same way. I did not charge them for the cookhouse and this one did not charge them anything for the building and some one would not charge for fixing the water pipe when it broke, and so forth. Did he make a profit? He said he did not make a profit. The fact was that we did not keep our books the same way. We kept our books different, all of us. So we agreed among ourselves to try to make our books the same. If not, however, we would employ once a year a firm of accountants, who would go to our different camps and if our books were not kept the same they would make a consolidated report. That consolidated report took the details that you and I had and made them the same as far as the way of keeping the books was concerned.

Senator WALSH. Did you agree on price also?

Mr. IRVING. On this particular thing?

Senator WALSH. Yes.

Mr. IRVING. No. I will talk to you about that later.

Senator WALSH. You only agreed on keeping your books alike?

Mr. IRVING. Yes. These consolidated statements then revealed to us what the other man was doing. It was kept by numbers. I can tell you that No. 1 did so and so and No. 2 did so and so, and if you say what Nos. 1, 2, or 3 did, I could not tell you but you could find it out. Mr. Smith went all over our books years ago and went to the different concerns and got the different information and he could tell you what Nos. 1, 2, 3, or 4, were doing. It is proper that we should know it. If you want the information to verify it, you can have it.

Here is a history going back in our district. Fifty to 75 years ago a large number of men came out of the State of Maine and landed in our district. They were real woodsmen, ax men, from away back and they could chop anything and make anything with an ax, do anything with an ax.

Senator WALSH. That is how you got the name of Portland, Oreg., from Portland, Me., settlers?

Mr. IRVING. I have a logging camp named Machias, named after that city in Maine. Those men came in with their axes and they started in logging. They kept on for a number of years and finally got horses and started a logging industry in a real way, where we live now in Puget Sound. That is the history of it. That is how it

started out west. That is how it got going and got to be known. The mills grew modern and got to be big concerns and they have kept on being modern ever since.

To-day the logger of Puget Sound milling on Puget Sound is the most highly efficient in the industry and has always been. Any man that has worked on Puget Sound, or for a Puget Sound lumber company, can go to British Columbia any day and get a little bonus for chop men. There are only six of them in a camp with 200 of them and any time our chop man goes up there he can get a little bonus because he has learned the business line. And you say, why can not you compete with them, making your logs cheaper than they do? Here is the answer and that could be demonstrated very easily, and I am sure you can see it. Originally our timber was right down to the water's edge, 3,000 miles of water up to British Columbia. This timber was on the first level right down to the water's edge. The State of Mainer started getting out those logs and was able to do it to the water's edge. When we got up to the first bench, he did not know how to get up hill and he started farming and they are to-day our best farmers. We then started in with machinery.

Senator WALSH. I would suggest that it would be more helpful if we could secure knowledge about the present-day conditions of the industry and its financial conditions.

Mr. IRVING. Because of having the difficulty I have mentioned in that mountain cost, due to the higher levels, we have to use machinery. There would be a raise of 150 feet and in one camp it was 20 feet below and so the cost increased accordingly. It is a question. Bloedel is wiser than I. He says, "I am not going to tackle these mountains if I can get something better," and he went to British Columbia and found what we had 50 or 60 years ago, a water level where he could start in and log cheaply, and it was the thing to do, undoubtedly. You can not blame a man for doing something that shows beyond a shadow of doubt that is the way to make it profitable, and he did it and we did not do it.

We have now got the costing question. We have our transportation cost of \$2.50 to \$3.50 and we have our maintenance cost and we can not compete with British Columbia. We have our stumpage in the meantime. You see the proposition the stumpage owner is asking, too. The stumpage owner that bought the timber at a dollar 20 years ago would not get even today if he got \$4. That is because of taxes and interest. The taxes amount to \$40 on a claim. Assume you live like I do and you knew the commissioner personally well and you cut out some of your holdings and you went to the commissioner and said, "Put that on the logged-off land. I am off these taxes." He says, "I will have to raise your assessment on the other." I will say, "What do you mean, raise my assessment on the other?" He will say, "We have got to have so much money to run this county. Where are we going to get it?" I say it is not right to put it on this other. He will say, "Where will we get the money?" I say, "They are spending too damn much money." He would say, "You know that bridge over at your place. Are you willing to let it go? You do not know when a slide will come down." That shows you what the condition is there.

This next week the logging camps of Puget Sound will close down indefinitely. We will find ourselves with over 400,000,000 feet of

timber on hand. There are over 390,000,000 now and we will have another 20,000,000 feet before the first of the month. Ordinarily we would be able to say to our men, you have worked pretty good and you have all got a little money, you can go up to Canada and buy yourself a bottle of whiskey and travel around and have a good time, and that is one of the things Canada is going to give you. They have more men working all the time. They will have more whiskey up there. They can get it legally up there and not in the back room. We are telling the camp men, the superintendents and foremen, that we do not know when we will want them back, probably in about six weeks. We have enough logs to last two months during ordinary occasions, but unfortunately, the sawmills are shut down 25 per cent and instead of the 400,000,000 feet being enough for two months it will be enough for two and a half months.

Senator WALSH. When did you have to shut down prior to your last shut down?

Mr. IRVING. Last Christmas.

Senator WALSH. And before that?

Mr. IRVING. Last July.

Senator WALSH. Every six months from overproduction you close down?

Mr. IRVING. We first of all close down to give the men a holiday for the Fourth of July and Christmas. They insist on having some time and we make it longer according to the condition of business.

Senator WALSH. When there is over-production you shut down.

Mr. IRVING. We may. We are confronted now with 500,000,000 feet in British Columbia that will last British Columbia six months if they do not sell it to us. They are also sending it to us and we will not need to start up again if they do. My men will be in Vancouver on the 4th of July spending their money and they will see the men going out to work in Bloedel's camp. What is the matter with the American camp, that we shut down and they do not have to shut down? That is what is confronting us in the district I live in.

I have a telegram here from the governor of the State and one from whom we consider our most prominent man in our State, next to Mr. Bloedel.

Senator WALSH. And your Senators?

Mr. IRVING. Yes. This is from the governor of our State, which I received this morning, and reads as follows:

OLYMPIA, WASH., June 20, 1928.

Hon. JOSEPH IRVING,

New Willard Hotel, Washington, D. C.:

Serious tax situation in this State prevents my appearing before Senate Committee to-morrow. A great industry that has paid over 60 per cent of the taxes in this State and has furnished bread and butter for thousands of workmen and their families is in a deplorable condition. The American men in the lumber industry who are now loudest for free trade made their millions under a protective tariff. They have taken their money into Canada and are now shipping logs, lumber, and shingles, a product of cheap stumpage and cheaper oriental labor, free into this country. Our industry is being ruined. Thousands of American workmen and employers are deprived of the right to manufacture products that are to be consumed in this country. In behalf of the people we are now appealing to the court of last resort. We expect protection and justice at the hands of the United States Senate. Please explain to the President and Members of the Senate the reason for my absence. If I can be of any further assistance tell me how.

RONALD H. HARTLEY,
Governor of Washington.

I have a lot of telegrams from our most prominent men in that country.

Senator COUZENS. You may put them in the record without reading them.

Mr. IRVING. Yes.

(The telegrams referred to are as follows:)

SEATTLE, WASH., June 19, 1929.

JOSEPH IRVING,
New Willard Hotel, Washington, D. C.:

On account of S. O. S. lumbermans meeting in Tacoma, our Friday meeting postponed until Monday. Log inventory shows 396,000,000 and will gain another 20,000,000 by July 1. Will take full 70 per cent close down July and August to bring this back to normal. Labor will spend its savings looking for work in other localities during these months. Figures to date indicate in excess of 25,000,000 logs from British Columbia in June. Hemlock inventory 98,000,000, with sales very slow at 10 flat to 10 and 12, with averages more than \$3 under cost of production. Cedar inventory 61,000,000. Many cedar mills down and log sales reported as much as \$3 off. Inventory July 1, 235,000,000 over March 1 with more than four times as many logs in hands of loggers. Am very much discouraged at outlook, which is hopeless unless we get a punishing close down. Wire message for our meeting and your address for Monday 24 and I will further advise.

LOGGERS INFORMATION ASSOCIATION,
E. H. MEIKLEJOHN, Manager.

TACOMA, WASH., June 19, 1929.

JOSEPH IRVING,
Care New Willard Hotel, Washington, D. C.:

Hope you will be successful in convincing those in authority with the needs of our logging and lumber industry of some measure of protection. If it is proper for Canada to place a tariff against our finished lumber it is proper for us to place one against theirs, and we need it worse than they do. Can not understand how serious attention can be given the arguments of American lumbermen owning timber in British Columbia as their position is apparent.

R. J. DICKSON.

OLYMPIA, WASH., June 19, 1929.

JOSEPH IRVING,
New Willard Hotel, Washington, D. C.:

Hope you set forth strong statement facts before special tariff committee considering wood products. Lumber industry northwest has been languishing due to overproduction caused by excessive overhead and unfair competition due to smaller overhead and more favorable labor conditions and shipping facilities from British Columbia since 1923. We close our operation next week for indefinite period due to unsatisfactory conditions. There is in Shelton Bay now 10,000,000 feet British Columbia logs delivered to this the most southerly point on Puget Sound from British Columbia at prices we can not profitably accept for our product. The industry except those more interested in British Columbia holdings feel that if proper presentation of facts is made to finance committee lumber logs and shingles will receive the consideration in new tariff bill we are entitled to. We depend upon your committee to present the facts and obtain results.

MARK E. REED.

SEATTLE, WASH., June 20, 1929.

JOSEPH IRVING,
Willard Hotel, Washington, D. C.:

Members of our organization are much concerned about the present condition of our shingle, lumber, and logging industries and very anxious to have them given strong tariff protection. This protection is needed also for the owners and operators, who, when operating steadily, make heavy purchases of machinery

and supplies for their workmen and families. The prosperity of other business depends on these steadily employed workmen. Three-fourths of the shingle machines of the State have been idle for over two weeks with length of shutdown indefinite. Competition is very keen from British Columbia shingle mills. There is a heavy overstock of logs, and the great majority of the logging operation will have to close down from six to eight weeks beginning the latter part of this month. Millions of feet of logs are being shipped into this district from British Columbia thereby adding to the problem of the operating companies and throwing hundreds of men out of employment. The products of our lumber mills are also sorely in need of tariff protection. Many mills are working only part time at present. Please do everything possible to give the Senate committee a true picture of our grave situation. We must have protection for the men employed in these federated industries.

FEDERATED INDUSTRIES OF WASHINGTON,
By DAVID C. BOTTING, *Secretary-Manager.*

SEATTLE, WASH., June 19, 1929.

JOSEPH IRVING,

New Willard Hotel, Washington, D. C.:

The members of Western Operators Association, the largest lumber association on the Pacific coast, representing in excess of 6,100,000,000 feet of lumber and shingle production in the west coast territory from the international boundary to California State line, are virtually unanimous in asking for a proper tariff on all timber and timber products entering or imported into this country. Eighty-five thousand workmen are directly engaged in the primary production of timber and timber products in this section and are competing with low-priced foreign labor. Unless producing costs are equalized by means of an equitable tariff more shingle mills will be forced to close, more workmen thrown out of employment, more communities disrupted by intermittent operations, and a definite lowering of living standards among the lumber wage earners will result. The tariff on timber and timber products at this time will do much to maintain a high wage level in this country with the purchasing value that goes with good wages.

WESTERN OPERATORS ASSOCIATION,
By GEORGE B. SYPHER, *Manager.*

SEATTLE, WASH., June 19, 1929.

JOSEPH IRVING,

New Willard Hotel, Washington, D. C.:

Our main offices in Wisconsin urge the need for log, shingle, and lumber tariff and claim that the Middle West needs it fully as much as we do here on the coast. The continued unprofitable depleting of our timber can not help the farmer or anyone else.

BROWN BROS. LUMBER CO.

(Mr Irving submitted the following brief:)

BRIEF OF JOSEPH IRVING SUBMITTED ON BEHALF OF THE LOGGERS OF THE STATE
OF WASHINGTON

The loggers of the State of Washington believe that there should be an import duty on saw logs. No such duty is provided for in the tariff act of 1922. That act, in paragraph 401 thereof, contains the following provision:

"Logs of fir, spruce, cedar, or western hemlock, \$1 per thousand feet board measure: *Provided*, That any such class of logs cut from any particular class of lands shall be exempt from such duty if imported from any country, dependency, province, or other subdivision of government which has, at no time, during the 12 months immediately preceding their importation into the United States, maintained any embargo, prohibition, or other restriction (whether by law, order, regulation, contractual relations or otherwise, directly or indirectly) upon the exportation of such class of logs from such country, dependency, province, or other subdivision of government, if cut from such class of lands."

Canada is the only country which exports saw logs of the character mentioned in the act to the United States. The main and perhaps the only purpose of the quoted statute is to provide for the free importation of saw logs from the foreign country. Congress has in effect said to the foreign country:

"We are perfectly willing to let you sell your surplus logs in the American markets absolutely free of any restrictions, but if you want that kind of trade you must cooperate by not imposing any restrictions. In other words, if you do not want free trade as indicated by your imposing restrictions, then we levy \$1 a thousand."

Canada, as a matter of fact, has assumed to levy an export tax on saw logs cut from certain classes of its timberlands, and as to the logs cut from those lands the United States does impose an import duty of \$1 per thousand feet. If that export duty should be removed then Canadian logs would come into the markets of the United States free. In this connection we call your attention to the fact that distinguished Canadian counsel have rendered a legal opinion to the effect that the law providing for that export duty is invalid, and we are informed that the question of the invalidity of that law will soon be brought before the Canadian courts for decision.

Section 315 of the tariff act of 1922 is known as the flexible tariff provision. Pursuant to the provisions of section 315, upon the application of Mr. J. H. Bloedel of the Bloedel-Donovan Lumber Mills, requesting an investigation with a view to a decrease in the duty on logs imported from Canada, a hearing was had by the United States Tariff Commission. The commission took testimony and made an investigation, as a result of which it reduced to writing and published its preliminary statement showing the results of that investigation. Counsel for the Bloedel-Donovan Lumber Mills filed an extensive written brief and counsel for the Loggers Information Association filed an extensive counter brief, and a brief replying to the brief of counsel for the Bloedel-Donovan Lumber Mills. Said preliminary statement of the Tariff Commission and said briefs are hereby referred to and by such reference made a part hereof; and in addition thereto we refer to the stenographer's minutes of said hearing before the Tariff Commission. The conclusions of the Tariff Commission are not available to us, although we understand that they have been reduced to writing and submitted to the President, who has not yet acted upon them. We state, however, with confidence, that the facts proven show that the cost of producing logs in the State of Washington, and the same applies also to the State of Oregon, of the kind of timber mentioned in the act is so much greater than the cost of producing similar logs in Canada that the welfare of the people of this country and the protection of the American industry demands an import duty of not less than \$1 per thousand feet.

Without repeating the testimony taken by the Tariff Commission, all of which is available to your committee, we submit that the indisputable question of the invalidity of that law will soon be brought before the Canadian courts for decision.

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Without repeating the testimony taken by the Tariff Commission, all of which is available to your committee, we submit that the indisputable facts are that logging and the manufacture of logs into lumber is the principal industry of the States of Washington and Oregon; that the major portion of the standing timber

of these States has matured or will mature as soon that to prevent very great losses from decay, it is necessary that said timber be logged and manufactured as fast as the markets of the United States will absorb it. As demonstrated by the experience of the industry for the past few years the markets of the United States will not absorb the timber of these States produced by existing facilities to an extent greater than 70 per cent of that which would be produced if those facilities were kept in operation for 12 months in the year, and as a result of said condition the industry is shut down for about 30 per cent of the time in each year in those States. This condition is brought about in part by the dumping of Canadian logs, many of them duty free, into the markets of Puget Sound. This dumping is not due to any shortage of American logs, because there is never any such shortage; but it is due to the fact that it frequently happens that the Canadian sawmills are unable to take the supply of Canadian logs, and the surplus, which has been produced at much less cost than the cost of American logs, is disposed of in the American markets at demoralizing prices.

The ownership of American timber which is being logged is in private hands, except as to a very limited quantity which is owned by the United States and which is being logged under contracts which provide for the payment to the United States of a stumpage rate. The carrying charges on this privately owned timber in the matter of taxes which are paid annually and in the matter of interest on investment are so great that the owners are not warranted in pursuing any other policy than that of cutting said timber as fast as the markets will absorb it. This is the established policy of the large, well-financed timber owners and is the only policy warranted by existing conditions.

The policy of the United States Department of Agriculture, Forest Service, is to conserve the timber controlled by it, but that department finds it necessary to sell a large percentage of the timber controlled by it in the States of Washington and Oregon for the reason that that timber has matured or is so rapidly approaching maturity that to preserve it would entail a very large loss, without any corresponding gain, because of the decay that will set in and progress. It is the policy of the Department not to dispose of the timber under its control that may be successfully preserved.

Canadian timber is held largely by the Government, and the carrying charges until it is actually cut are merely nominal. This fact, together with the fact that labor and other logging costs are cheaper on the Canadian side than they are on the American side places the American industry at a decided disadvantage.

In view of the fact that the United States Tariff Commission has made an extensive investigation of the subject under discussion, the result of which is accessible to your committee, the subscriber to this brief deems it unnecessary to go into more detail in writing, but he will be personally present at the hearing before your committee, and will welcome an opportunity to elaborate the points herein suggested and to give your committee any of the information that he has acquired as the result of his actual experience in the management of extensive logging operations in the State of Washington during more than thirty years last past.

In view of the fact that uncertainty surrounds the validity of the Canadian law imposing an export tax on saw logs cut from certain classes of Canadian timber, and in view of the fact that saw logs cut from all other classes of Canadian timber come into the United States free, it is urged that a specific import duty be levied upon all saw logs coming into this country, and that the matter of such import duty be not subjected to a flexible tariff provision of any statute that may be enacted, and that such import duty be set made to depend upon that policy, laws, or regulations of the foreign country.

It may not be out of place to say that the overwhelming majority of the people of the States of Washington and Oregon are, as demonstrated by their votes at the recent national election, thoroughly in accord with the principles of protection as outlined in the Republican platform of 1928. The subscriber to this brief was a delegate at large from the State of Washington to the recent Kansas City National Convention, and he calls attention to the fact that the entire delegation from Washington and Oregon favored and voted for the adoption of the tariff plank in the platform, and the particular local interest the people of those States have in tariff legislation is in the application of it to anything that may affect the principal industry of their State.

Respectfully submitted.

JOSEPH IRVING,
*Member, Committee of the Loggers of the
State of Washington, Everett, Wash.*

CEDAR AND OTHER SOFTWOOD LUMBER

[Pars. 401 (b) and 1798]

STATEMENT OF H. J. BRATLIE, RIDGEFIELD, WASH.

[Including shingles, par. 403]

(The witness was duly sworn by Senator Couzens.)

Mr. BRATLIE. I am engaged in the manufacture of cedar lumber and shingles in the little town of Ridgefield, Wash., near the Oregon line. I have been engaged in this work since 1913, 16 years, as a matter of fact.

Senator THOMAS. For whom do you appear besides yourself?

Mr. BRATLIE. For the cedar industry also. I am one of the members of a subcommittee appearing in behalf of the cedar industry.

Senator COUZENS. You will not repeat testimony that has already been offered?

Mr. BRATLIE. So far as I possibly can, I will confine myself to a very few words, because I realize that more time has been spent than we planned on for the other witnesses.

Senator COUZENS. There is no use duplicating testimony already given before the House committee.

Mr. BRATLIE. Only in the event that I can not make my point clear without repeating. In the matter of cedar lumber, I want to show to the committee what constitutes a very large bulk of the items made in cedar, that we call cedar lumber. These are samples of cedar bevel siding and cedar bungalow siding. The items are the same except in thickness and width. The wider and thicker item is the bungalow and the narrow one the bevel siding. They are in general design the same except that the bungalow is thicker and wider than the bevel siding. This item constitutes only a small part of the production of the shingle mill. Not all shingle mills make cedar lumber, but all cedar lumber mills must make a very large share of shingles along with lumber, and the two items are extremely closely related from a manufacturing standpoint.

Senator COUZENS. Is that owing to the fact that you want to use them on what might be termed otherwise waste products?

Mr. BRATLIE. No, sir. This cedar lumber is produced from the long clear strips developed in the log and the cedar shingles from the short clear blocks, and the costs of manufacture are so closely inter-related that the Tariff Commission when they made an investigation of the cedar industry some years ago could not segregate the costs of manufacturing cedar lumber from cedar shingles made in the same mill. It is impossible to do it.

The production of the combination mill making the cedar shingles and lumber represents 60 to 80 per cent shingles and from 20 to 40 per cent cedar lumber. This cedar lumber is a specialized product. It does not go into general construction work at all. It is used largely for high-class side wall material. It comes in the same class with cypress. The production is relatively small and the imposing of a tariff will not lead to any hardship on anybody because people who use it can well afford to pay a small increase in price if one should result, and the tariff will aid very materially in assisting a very depressed industry.

Canada, of course, is our only competition so far as cedar lumber is concerned. In 1913 when cedar went on the free list there was hardly any production of cedar lumber in Canada. There was one small mill with a very limited production. To-day the importations of cedar lumber from Canada are more than one-third as much as American production; and, by the way, Canada imposes a 25 per cent duty on cedar lumber coming into Canada. I shall be glad to speak in greater detail on cedar lumber, but realize your time is limited, and will make it brief unless I am asked questions.

If we should be so fortunate as to get a tariff on shingles, unless we also at the same time get a tariff on cedar lumber, the tariff on shingles will be largely offset because shipments are very largely in mixed cars and Canada would absorb in the cedar lumber, which is a comparatively high priced product, the entire duty on shingles.

We have had considerable opposition to our tariff from staining companies. They claim among other things that America does not make as good a shingle as the Canadians and therefore they should be free. These [indicating] are shingles I picked at random from the bins before I left home. They are comparable to the Canadian grades of the same kind, and I venture that no Canadian or representative of Canada will say that Canada makes any better shingles than those. Many mills in our country make the same kind, the great majority of them make them just as good; it is a very poorly operated mill that does not. Generally speaking, they make the same grade of shingle. These are just as good as the Canadian shingle and as good as shingles can be made, as a matter of fact. [Indicating samples of shingles.]

The stained shingle companies do not manufacture shingles. They buy them from the manufacturers and stain them and resell them. They sell them not to the farm trade to any particular extent but to the people in the cities who are building rather nice homes who are interested in architectural effect and are willing to pay the price for the stained shingle, and for that reason so far as the tariff is concerned, we deny that it will add materially to the cost to the farmer, and in so far as these stained shingles are concerned it will fall on people well able to pay the small additional charge.

I would like to make it clear that we are not in any way opposing the staining of shingles. I think it is a good thing. It adds a great deal to the attractiveness of your shingle. It is desirable from the standpoint of sales. I think it is a good thing in every way.

Senator THOMAS. It is claimed that it is a weather-proofing process.

Mr. BRATLIE. I will come to that point. There are some claims made, possibly not direct, but at least sufficient to give the inference that it materially adds to the life of the shingle. It does not. The staining does not add materially to the life of the cedar shingle, because there is a natural preservative oil in cedar so that shingles on the roof do not rot out; they wear out. Here are some shingles I took off a roof in my little town of Ridgefield before I came away, the cheapest standard shingle made, a shingle considered very poor indeed, as far as the staining companies are concerned, and that is all right, because they could not stain that shingle satisfactorily because it has too much flat grain in it, and would not take color uniformly. But these shingles were on a roof. I took them off the roof. The roof does not need reshingling, yet they have been on there 35 years.

The cheapest grade we make, and you can see there is no rot, the shingles are intact. They have eroded; there is considerable erosion from the weather. This is the exposed portion here. For that reason, and from a study of shingles and stained shingles I contend that the staining does not add materially, if any, to the life of the shingle. The creosote stain, which this is supposed to be, does not penetrate. The natural oil of the cedar resists the penetration. I will take a little thin shaving from this shingle and you will notice hardly any penetration at all.

Senator COUZENS. Why do they creosote the paving block then?

Mr. BRATLIE. The paving block is made from a different wood. It is fir wood that is used mostly in the blocks.

Senator COUZENS. They do use cedar block, too.

Mr. BRATLIE. Yes; and at that exposed end of the paving block there will be some penetration, but there is hardly any penetration in this, and, of course, the end grain is a small item in the cedar shingle. In fir creosote penetrates readily, but in cedar it does not; as a matter of fact, cedar does not require it, because the cedar shingle will last 35 to 40 years without any preservative other than the natural preservative in the cedar itself. Even in this cheapest grade extra star A shingle there is no rot; it is simply worn. Here is a piece where vegetation laid on it, very conducive to rot, but there is no rot in that shingle; it is resistant to it; absolutely no rot at all.

I am not opposing the staining of shingles. It is a very good thing. But I will point out a little misinformation in regard to it.

Senator COUZENS. You say this is equal to the British Columbia shingle?

Mr. BRATLIE. Yes.

Senator COUZENS. We have these samples of shingles before us, and each advocate presents the samples he likes to present, and somebody else showed a very superior product from British Columbia. We will accept that for the moment and ask you what the difference in the cost of production of this shingle is, between the British Columbia shingle and the Washington and Oregon shingle?

Mr. BRATLIE. The conditions, Senator, of production are so different that it is impossible to answer that. For instance, in our operation and in most American operations, when a block comes up, that will just as readily make that shingle, vertical grain, and clear, we cut it into that class of material. If a block comes up that must be turned and a great deal of it wasted and cut out in order to develop that kind, we make it into the lower grade of shingle, because that conserves our timber.

Senator COUZENS. If you can not show us the cost of production of this kind of shingle or any kind of shingle, as between the British Columbia shingle and this country, how are we going to arrange a tariff to absorb the difference in the cost of production?

Mr. BRATLIE. I think, generally speaking, the conditions of our industry will show they are in need of a tariff.

Senator COUZENS. The condition of the industry is not the measure on which the tariff should be adjusted, but rather the difference on cost of production at home and abroad. In other words, you take into consideration that there are the very efficient type that Mr. Blodel spoke about, but the inefficient class that somebody else spoke of?

Mr. BRATLIE. Yes.

Senator COUZENS. How are we going to arrange a tariff that is going to take into consideration both elements unless you produce figures to show the difference in cost of production at home and abroad?

Mr. BRATLIE. I have tried to arrive at some authentic figures on that. There is cheaper production of logs in Canada. There is to some extent cheaper labor there. If we manufactured a shingle of this grade on the same basis of wastage of as much of the log as would be necessary in that operation, there would be a difference in cost to us—a higher cost of not less than 13 per cent—if we produced the same proportion of this shingle, merely in wastage alone.

Senator COUZENS. The testimony as adduced here was that the users of shingles in this country, New England, use these imported shingles because they can not induce you to make these high-grade shingles. You insist on making the cheaper shingle and therefore they have to go to British Columbia to get the high-grade shingles.

Mr. BRATLIE. That is not true, because we will make any grade we can make a profit on, but we can not make a grade unless we make a profit on it. We will make any grade that we can sell at a profit. In order to make the same proportion on this class of shingles that we do now, there will be an increased cost of not less than 13 per cent on the timber cost alone.

Senator COUZENS. So that 15 per cent on that shingle would be adequate to protect you in producing them?

Mr. BRATLIE. No, sir; it would not equal the timber cost, not include the labor cost, and our labor cost is higher and our log cost is higher. This is a matter of waste alone. We would waste an average of 13 per cent of our timber if we made the same proportion in that grade of shingle.

Senator THOMAS. The same waste would happen with the Canadian manufacturer.

Mr. BRATLIE. That is true, but he has a lower log cost and he has a lower labor cost also.

Senator THOMAS. That is what we are interested in.

Mr. BRATLIE. Our brief takes that up in considerable detail. If you want me to go into that I shall be glad to do so. In order to conserve time it had better be left to the brief.

Senator COUZENS. Yes; leave it to the brief.

Mr. BRATLIE. It is taken up in considerable detail in the brief, the brief which I ask permission to file.

Senator COUZENS. Yes.

Mr. BRATLIE. In this matter of substitute roofing Mr. Edwards answered that in response to the question of Senator Thomas. We can not object to what the American manufacturer does if he can beat us that way, but if you will protect us against foreign markets we will try to take care of American and I think we can do it. We have a product that is superior and we can prove it.

The matter of conservation, I know, is of great interest to this committee, and Mr. Lamb has gone into that and I shall not do so. I will point out two things, however, that as far as cedar is concerned there is no field of conservation where free cedar can aid in the conservation of cedar. You can bring in all the cedar you want and all the fir, and it would not make a particle of difference, because the

logger does not log for cedar but for fir, which is the principal item and in bringing out fir they bring the cedar along with it. If you do not give the cedar manufacturer a chance to use that product so the logger can get a profit in it, he will have to leave that cedar in the woods. This will not result in saving it, because the slashings must be burned to allow new tree growth to come up, and the cedar will be burned along with it and will be simply destroyed. Unless we can furnish protection to the manufacturer of cedar, there is no possible way to conserve cedar trees, because they can not be saved by the loggers. Cedar must come out with the fir.

Senator THOMAS. I have never been in this section of the country. Your native forests are made up of ripe timber that can all be cut at one time?

Mr. BRATLIE. I would not say that. They are mixed growth.

Senator THOMAS. What percentage of damage is done to the unripe timber by cutting timber in the operation?

Mr. BRATLIE. I would hardly venture to answer that. I am not a forester; I am only a manufacturer. Mr. Lamb pointed out the Japanese situation. I have here an article entitled, "Japan's Lumber Tariff Revision," by Eisaburo Kusano, Osaka, Japan, in which he points out the reasons why the Japanese Government increased their tariff duties on forest products. The Japanese, of course, as you know, can not possibly produce all the timber they use themselves. They are dependent to a very considerable extent on imports and yet, regardless of that, have had increases of tariff on their forest products—imports of forest products—for the purpose of aiding in the conservation of timber growth in their own country; and in this article Eisaburo Kusano, of Osaka, Japan, gives in full the reasons why the Government puts the duty on. He says:

The vigorous opposition raised by the non-Government blocs both in the House of Representatives and the House of Peers notwithstanding, the Government bill proposing to levy higher duties on import into Japan of various foreign manufacturers, including Pacific Coast lumber, was passed by the 56th session of the Imperial Diet in March, this year, and the revised rates on foreign lumber in general took effect on March 30.

In a word, the present tariff revision signifies the fact that the scope of dutiable lumber has been extended, and that the duties which had already been imposed have been increased in percentage. The new specific duties, when converted into terms of the ad valorem duties, were fixed at the rate of 12.5 per cent on the unfinished timber, and 20 per cent on the finished goods; they represented an increase of 5 per cent as compared with the old rates. (This calculation of percentage is based on the market price which prevailed in the early winter, last year, when the foregoing bill of tariff revision was prepared.)

According to the revised provisions, specific duty of some sort is imposed upon all the Pacific Coast lumber, except the cedars of which the measurement is not exceeding 20 centimeters in length, 7 centimeters in width, and 7 millimeters in thickness; this wood is used in manufacturing pencils and there is no suitable substitute in Japan. * * *

Japan's opinion as regards the proposal of levying higher rate of duties on foreign lumber was divided, as it is here.

The domestic lumbermen, inclusive of the forestry owners, sawmills, and dealers handling the domestic lumber, maneuvered to free themselves from the oppression of foreign lumber in the domestic market, while the importers, representing the common interest of the ultimate consumers, maintained strong opposition. Between these two camps of men, controversy was repeated over and over again every time the tariff revision bill was considered by the Government. * * *

The removal in 1920 of the duties on logs, squares, and bolts, which constitute the main bulk of the foreign lumbers imported into Japan, resulted in an enormous increase in the import.

Exactly the same thing happened with cedar shingles and lumber, 399 per cent of shingles, and I do not know how many thousand per cent, if you figure it out, in lumber.

Later a partial revision of the tariff rates was effected, but the scope of revision was limited and the additional rates were low and, therefore, it had hardly any effect in the way of checking the increasing tendency of the import. It went on increasing year after year, and now it exceeds 1,200,000,000 feet b. m. * * *

The domestic forestry owners, sawmills, and dealers handling domestic wood, etc., are already suffering from the severe competition of the foreign lumber.

As a result, the forestry owners show a tendency to neglect the upkeep of the existing forestry, as well as the supplementary afforestation. This fact is a menace not only to the dealers of the domestic wood but also to laborers engaged in the forestry enterprises.

If higher rate of duties be imposed, it may regulate the import of foreign lumber into Japan, and subsequently it will bring forth the stabilization of the domestic lumber market, and then the forestry owners will take interest in their afforestation and thus the supply of the domestic wood in the future will be guaranteed. If, on the other hand, the present state of affairs be maintained, and foreign lumbers be permitted to be imported, without any restriction, in enormous quantities, it will encourage the extravagant and even wasteful consumption of wood. Moreover, after the felling of the timbers in the domestic forests, nothing would be done in the way of supplementary afforestation as it does not pay. The situation is already serious, let alone the future.

Furthermore, Japan imposes protective duties on the import of practically all foreign agricultural products, while the most kinds of lumber alone are duty free.

The Government can not avoid the public criticism of its being one-sided in its tariff policy.

We have much the same situation in this country.

Statistics show that up to 74 per cent of the foreign lumber imported into Japan during 1926 was duty free. If foreign lumber continues to be imported in such voluminous quantities without any restriction, with the market price falling year after year, the afforestation and lumbering in Japan are doomed. No matter how enthusiastically the importance of the afforestation be advocated, and the Government granted subsidies, there would be hardly any forestry owners who would invest in afforestation, as the prospects of their investments are precarious. The Government plan of encouraging the afforestation can only be accomplished with the cooperation of the tariff revision; one without the other would mean the loss of the great part of the effect.

The levying of higher rates on foreign lumber is indispensable; nevertheless, the rate should not be very high. The rates should be revised in such a manner than it may mitigate the difficulties of the domestic forestry owners and lumbermen without imposing heavy burden on the part of the consumers.

It is not the forestry owners alone who insist upon the increase of tariff rates. Local lumbermen, as well as those in the consuming centers, are one in advocating the measure. Those who are opposed to the proposal often misunderstand the view of lumbermen; for instance, these people are inclined to think that if the tariff rates be increased, the measure may bring about the felling of standing trees in excess, but this was a temporary phenomenon witnessed during the war boom. It is also advocated that it would be advantageous for Japan in the long run if foreign lumber be imported so long as they can be had at a low price and reserve the domestic forestry, but this is a ridiculous argument of the unpractical dreamer. Afforestation must be run on a commercial basis. It is beyond doubt that forestry owners can not afford to enjoy looking at the growth of standing trees in their forest doing nothing; this is all the more clear when one takes into consideration the problem of financing, etc.

I will place the rest of it in the record. I have a great deal more that I wanted to add, but I will leave it out.

May I speak one more word on the mistake of considering trade balances very seriously. So much has been made of the fact that the trade balance between ourselves and British Columbia is in favor of British Columbia. I will quote just two paragraphs from a speech by the Assistant Secretary of State of the United States; Department of State, Mr. William R. Castle, jr., before the Canadian Club at Montreal, Canada, April 29, 1929:

EXPENDITURES BY AMERICAN TOURISTS IN CANADA \$206,000,000 IN EXCESS OF
CANADIAN TOURISTS IN UNITED STATES

Another cause of bad feeling between nations is the quotation of figures. There is no greater lie in the world than the assertion that figures do not lie. In my opinion, the quotation of figures is as dangerous as dependence on slogans. Both are the mainstay of propaganda, and propaganda never conveys the entire truth. Canadians talk, for example, about their unfavorable trade balance. In 1927, as I remember, it was something like \$215,000,000. I wonder how many people here, in deploring this, mention the fact that American tourists, according to your own figures, spent some \$206,000,000 in excess of what your tourists spent in the United States. Trade balances, taken by themselves, are useful only to the propagandist. Even if that unfavorable trade balance should increase, I am inclined to think that it would always be pretty well taken care of by the increasing stream of American tourists. They come here because they like your country, because they like your people—some, undoubtedly, because they appreciate the excellent quality of the products sold by the Quebec liquor commission.

I will answer any questions that may be asked.

Senator THOMAS. Are you familiar with the items that go to make up the trade between America and Canada?

Mr. BRATLIE. Only in a general way, and in an extremely general way.

Senator THOMAS. The record shows that we sell Canada very much more in total volume than Canada sells us.

Mr. BRATLIE. Yes; that is true.

Senator THOMAS. You would not be in favor of any sort of legislation that would interfere with the trade balance?

Mr. BRATLIE. I do not think it would affect the quantity. They buy from us because they buy cheaper and if they could buy somewhere else to better advantage they would do it, just the same as we do.

Senator THOMAS. Do you think the psychological effect would not be adverse if we raised our tariff schedules materially against Canada generally?

Mr. BRATLIE. I am extremely glad you brought up the question, because it reminds me of one point in connection with that item from Canada. This is the statement of Mr. John McConnville, manager of the Associated Lumber Exporters Association, Vancouver, British Columbia. He was speaking on the protest offered from America when the Japanese Government made their increases in import duties in Japan, and he contrasted the fuss we made about it to the stand that Canada took in it. He said:

"Regarding the new tariff, we have not a word to say," said Mr. McConnville. "They are running their own country. Why should we in Canada try to tell them what to do? Why should we desire to meddle in their affairs?"

A little further on Mr. McConnville was asked to as what lines of Canadian export were hurt, and he said this:

"It will hit hemlock baby squares," he said, "and may stop shipment of certain other small lines. We don't expect to lose any business as a result of the change and we certainly do not intend to ask to have tea and silk shut out from British Columbia simply because another nation sees fit to manage its own affairs in its own way."

That is the attitude of Canada.

Senator THOMAS. Nobody disputes the rights of a nation to handle their affairs the way it chooses, but naturally it might react to their disadvantage.

Mr. BRATLIE. Yes; that is true. But, as he said, the Canadians are not going to ask to have tea and silk increased in duties simply because of the increase on lumber.

Senator THOMAS. I just wanted to get your reaction.

Mr. BRATLIE. I am glad to answer it.

Senator WALSH. I wanted to get some idea of the extent of the demand among the lumber operators in those States for this tariff. I understand that these associations, such as the Red Cedar Shingle Bureau and the Washington and Oregon Shingle Association, have taken no position on this tariff matter. Is that true?

Mr. BRATLIE. I must explain that the Red Cedar Shingle Bureau and the Washington and Oregon Shingle Association do not take any steps along tariff lines and never have. They have never expressed any opinion because they are engaged in the business of increasing the sale of these products. They are not concerned with the difference in cost of production or the tariff policies of the two countries. Absolutely not at all. I am on the board of directors of both associations and we do not permit any tariff discussion whatever. We have members on both sides of the line sitting with us.

Senator WALSH. One of the parties concerned in the tariff is the Seattle Cedar Lumber Manufacturers.

Mr. BRATLIE. Yes.

Senator WALSH. They do not favor a tariff?

Mr. BRATLIE. They do favor a tariff.

Senator WALSH. Have they joined the petitioners here?

Mr. BRATLIE. They have not included their name, but I have authority to say that the Seattle Company, from Mr. McEwen, favor reasonable tariff on cedar lumber and cedar shingles. He did not say what rate, he did not express himself on that point; simply made the general statement, a reasonable tariff. If necessary, I will have a telegram from him covering his position.

Senator WALSH. I think it would be helpful along other lines.

Mr. BRATLIE. Of cedar manufacturers I am speaking, not fir or hemlock or anything else, but cedar manufacturers. And of these manufacturers of cedar shingles and cedar lumber, except those few who have Canadian interests—and not all of them are included because some of them have joined in this matter—but except those few who have Canadian interests, there is not one single solitary manufacturer in opposition to our request for a tariff on cedar. We are absolutely united except where interests lie on the other side.

Senator WALSH. Do you own your own timber?

Mr. BRATLIE. No.

Senator WALSH. You buy your logs?

Mr. BRATLIE. I buy logs.

Senator WALSH. Do you favor a duty on cedar logs coming from Canada?

Mr. BRATLIE. I think American logs are entitled to a duty, yes.

Senator WALSH. How much?

Mr. BRATLIE. I do not know.

Senator WALSH. Have you any idea of it?

Mr. BRATLIE. I have no knowledge of its costs.

Senator WALSH. Yet you favor a duty on logs coming from Canada, which would mean you think you need this tariff, yet you do not know what duty you would recommend to us?

Mr. BRATLIE. We have no interest in logs coming in from Canada in my particular locality. I am near Portland, Oreg.

Senator JONES. We had a particular witness on that particular point.

Senator WALSH. Is your own business financially successful?

Mr. BRATLIE. It has not been for the last several years.

Senator WALSH. You are losing money?

Mr. BRATLIE. Yes.

Senator WALSH. That has continued for how long?

Mr. BRATLIE. In the past five years we have made a small profit in one year, 1925.

Senator WALSH. How many employees have you?

Mr. BRATLIE. One hundred men.

(The following statement was submitted for the record:)

FORMAL STATEMENT

Large sums of money have been raised in Canada to fight an import duty on forest products. While it is impossible to state the exact amount, I can say that from information available and deductions from such information, it is probably not less than \$80,000. The exact figure may possibly be considerably in excess of that.

The basis for the \$80,000 figure is information received from two American manufacturers who have Canadian interests as well as American interests. This information was of a privileged character, and I am not permitted to disclose the sources, but I can assure the committee that they are entirely reliable and responsible in every way. These American manufacturers produced for me definite evidence of having been notified by a Canadian committee in charge of American antitariff work that their "assessments" would be a certain figure. They were given to believe that such assessments were made on a basis of investment and business magnitude in British Columbia. Assuming the correctness of this, and calculating the percentage which the American manufacturers' ownerships bear to the total forest industry in private hands in British Columbia, yields a sum in excess of \$80,000. A second "assessment" has been made recently.

When the Canadian representatives were asked as to how the money was to be employed, no information was given, and no promise of an accounting could be elicited.

The connection between the National Association Against a Lumber and Shingle Tariff and the large sums of antitariff money raised in British Columbia, is, of course, not directly ascertainable, but inasmuch as there is no need for antitariff work in Canada, and there is apparent no other agency in the United States engaged in this work, I think it is reasonable to assume that this Washington lobby for Canadian forest industries is financially supported in whole or in part by Canadian money.

The officers for National Association Against a Lumber and Shingle Tariff are listed as A. W. Cooper and Clarence H. Bahr, the latter an attorney at law of Washington, D. C. Mr. Bahr is unknown to the writer. Mr. A. W. Cooper was formerly a paid secretary of the Western Pine Association, with office at Portland, Oreg. So far as this writer knows or has been able to ascertain, Mr. Cooper owns no timber or mill properties that might be effected by a tariff. This is no sense a reflection on Mr. Cooper, who is a personal acquaintance of the writer, but in only to point out that Mr. Cooper, in opposing a tariff, is simply performing a service for which he is being paid, and that he is in no material degree directly interested in the outcome of tariff legislation on shingles and cedar lumber.

H. J. BRATLIE.

(The brief submitted by Mr. Bratlie is as follows:)

BRIEF OF THE UNITED STATES CEDAR INDUSTRY ON SHINGLES AND CEDAR LUMBER

CEDAR INDUSTRY REPRESENTATION AND REQUEST

This petition is the plea of the United States cedar industry of Washington, Oregon, and Idaho, comprising more than 99 per cent of the cedar manufacturing facilities of these three States.

The United States cedar industry respectfully asks the Congress of the United States to place an import duty of 25 per cent ad valorem on the importation of shingles and cedar lumber, and represents that American labor and business interests join in the request that such a tariff be imposed.

The industry further represents that shingles and cedar lumber are now on the free list, that there are no restrictions against the unlimited importation of such products to United States markets, that the present difference in cost of production between the United States and Canada—the only competing country—is fully 20 per cent or more ad valorem, and that as the United States cedar industry has for years past been forced to operate under a discriminatory tariff, favoring foreign production, that has nearly destroyed the American cedar industry, the industry is therefore entitled to a small measure of actual tariff protection in addition to a tariff equalizing cost of production, to assist in the industry reconstruction.

An ad valorem tariff is urged and requested because it is more scientific, and will better govern price fluctuations as well as more fairly equalize competition. It would be impracticable for a fixed per thousand tariff to equitably cover the numerous grades of shingles and cedar lumber.

Those American cedar shingle and cedar lumber manufacturers who have no foreign interests are unanimous in the request for a tariff on shingles and cedar lumber.

STATEMENT OF HON. ALBERT JOHNSON

Before proceeding with the arguments in our plea for a tariff on shingles and cedar lumber, we ask permission to quote the words of Hon. Albert Johnson in his speech before the House Committee on Ways and Means during the tariff hearings held recently. Mr. Johnson spoke in part as follows:

"Mr. Chairman and gentlemen of the committee, I am scheduled to talk on two paragraphs * * * I will devote my few minutes to the shingle industry.

"First, let me say that the request of these industries for tariff protection is not the selfish special pleading of manufacturing interests, but is the heartfelt petition of practically every man, woman, and child in the district which I have the honor to represent. That district, Mr. Chairman and gentlemen, is largely dependent upon the lumber and shingle industries for its prosperity. Producers and consumers alike, rich and poor, Republican and Democrat, appear before you, through me, to urge you to restore the conditions which existed before the Underwood Act of 1913 deprived them of their rightful share of the markets of their own country.

"We are asking only the same measure of protection that you have given and will give to hundreds of other industries. All we want is a small duty which will mean the difference between healthy marketing conditions and strangulation by foreign competition.

"I shall place in the record the expression of the practically unanimous views of the million or more people in western Washington and western Oregon, as set forth in a memorial adopted by the Legislature of the State of Washington on the very first day of its present session. This joint resolution, I assure you, reflects the sentiments of the lumber-producing areas of the northwestern corner of the United States. It is not partisan, but American."

(Memorial referred to by Mr. Johnson appears in full on p. 9219, Vol XV, hearings of Ways and Means Committee.)

"Mr. Chairman and gentlemen of the committee, there are few items of tariff legislation that have been more misrepresented by free traders than the schedules covering wood manufactures. Opponents of lumber and shingle duties apparently forget that the manufacture of these commodities employs thousands of American workmen at good wages. The capital investment is large. Risks are heavy and expensive. In my more than 30 years acquaintance with the industry I have known but few men to attain wealth by or through it. * * * I have known hundreds who have struggled and striven, gaining here, losing there, alternating in prosperity and penury, who are to-day struggling and striving, literally hanging on by the eyebrows, as the saying is, hoping for the relief which tariff duties will give."

CONGRESSMAN JOHNSON ON SHINGLE GRADES

Concerning the claim made by the Canadian lobby that British Columbia shingles are "better" than American shingles, Mr. Johnson said:

"I want to direct the committee's attention to pamphlets and circulars which have flooded the House of Representatives recently containing misleading

statements to the effect that American shingles and cedar lumber are inferior to the imported product. Besides challenging the accuracy of these statements, let me state my belief that they are put out for the purpose of advertising Canadian shingles.

"Such advertising reminds me that there used to be a commodity well known as kalsomine. A clever advertiser put it out in small packages, labeled it alabastine, charged a fancy price for it, and made a great fortune. This is the sort of 'squeeze play' that frequently catches the maker of a basic product in the United States. The distributor of a fancy article, of course, wants to buy in the most favorable market. Just so with the man who is in the shingle-staining business. He is engaged in putting out a luxury commodity, and his margin of profit depends upon his ability to buy good shingles to advantage. When he comes here and tells you that the Canadian shingle is better than the American, he is in effect telling you that he buys the imported article cheaper than the American, for he well knows that if he is willing to pay the price he can buy American shingles that are just as good as the Canadian.

"How could Canadian shingles be better than ours? They are made from timber of the same quality, as has just been testified here. They are cut on the same machines, as witnesses have told you. Methods of packing, seasoning, and shipping are alike. The fact is there is no difference when you compare them grade for grade.

"It is true, as has been testified, that American mills make a considerable percentage of the cheaper shingle grades. That is because there is a market for the cheaper grades, and the making of them involves the use of material which would otherwise be wasted. It is a form of manufacturing economy.

"But if it be said that American mills do not make as many high-grade shingles as the mills of Canada, there can be—in fact, there is—but one reason, and that is the lack of a market for the product; and the lack of a market is due solely to the invasion of the market by the Canadian competitor. American mills can and do cut shingles that are just as sound, just as long, just as thick, just as perfectly quarter-sawed, as do the Canadian mills. They would make more of them if they could sell them, and they would sell them if the huge imports from our northern neighbor did not keep the selling price down to a nonprofit basis.

"EARLY DAYS IN SHINGLE INDUSTRY

"I think I know one reason whereby the Canadian shingle got a chance to advertise itself. Many years ago, when there were car shortages on the long-haul railroads, and when St. Paul was a center of distribution for western shingles, and North Tonawanda another center, the high freight rate and the difficulty of getting cars were such that manufacturers in the State of Washington began to kiln-dry their shingles. To get the underweights they literally baked the life out of them. Now, a severely kiln-dried shingle will not give good service. Retailers discovered this. The American dried shingle got a bad name. The Canadian millmen took advantage of the situation. About the same time the Underwood Act went into effect, removing the shingle duty, and the American mills never have recovered.

"CONDITIONS NOW ARE DIFFERENT

"The gentleman who preceded me said that in the last four or five years the industry in the State of Washington has revived; that the mills are now offering a better shingle. That is true. We are prepared to furnish any shingle the trade will demand, but we are getting tired of not being treated grade for grade. They bring this stuff in here [exhibiting a sample] and call it a select, a perfect, a class A State of Washington shingle, and thus discount the business. Grade them grade for grade and we will compete and furnish a straight-grain shingle to any firm that wants to paint it and get a fancy price. We do not make much money on the shingle itself. The money is in the fancy, stained product. That price is all the traffic will bear, and that is where the profit is. The shingle men in western Washington and Oregon certainly have the intelligence. If they were not the victims of this 'squeeze play,' which is being worked to their discredit, they could and would get a bigger share of the high-priced shingle business. But they have this to contend with in addition to the struggle with the patent-roofing people, whose products, with some exceptions, can not begin to compare in serviceability with good shingles.

"OPPOSITION TO TARIFF FROM 'HALF-AMERICANS'

"They are not Canadians who are here urging that no tariff duty be levied on lumber and shingles. They are Americans whose bread is buttered on the wrong side. They own Canadian timber, and they find it more profitable to cut it into lumber and shingles in Canada than to erect their mills in the United States. So long as Canadian manufacturers and these half-Americans in Canada can meet the demands of the great American consuming public, mills in the United States have no market at all, because they can not meet the foreign-made prices. When the market demands more than the Canadian and half-American mills in Canada can produce, the American manufacturer gets a share of the business. Scores of mills in western Washington and Oregon have been forced to the wall. The tremendous increase in importations from Canada proves this control of the situation by these Canadian and half-American interests. Our home manufacturers are helpless and will continue helpless unless or until they get the assistance which a tariff duty, and nothing else, will provide.

"The gentleman from Texas (Mr. Garner) is right. We have not lost our activity. We think, in the State of Washington, that we are the Yankees of the Northwest. Perhaps the Yankee trick of drying the shingles too tight made us pay a penalty, but the competition is too hard when our money moves over into Canada, where the business is concentrated; where there is one shipping center, Vancouver, British Columbia, instead of several shipping centers, as is the situation in the States of Washington and Oregon. It is a killing competition. It is a 'squeeze play,' and therefore I think we are right in appealing for a tariff."

A PLEA FOR CONSIDERATION

Regardless of any opposition which may be or may have been presented against a shingle and cedar lumber tariff, the request of the United States cedar industry for tariff protection is fairly and rightly entitled to the thoughtful and careful consideration of all Member of Congress.

The distressed and deplorable condition of the American cedar industry is the result of an act of Congress. It may be fairly termed a congressional wrong against American labor, American business, and American industry, and surely Congress will correct its own wrong.

The present tariff act charges an import tax on logs, paragraph 401. The cedar industry recognizes the right of the American logger to protection, but this fact remains that the imposition of that tax raised log prices in the United States and lowered log costs in British Columbia. It gives favor, benefit, and advantage to the foreign production of shingles and cedar lumber over the production of the same American products. In effect it affords actual United States tariff protection to foreign production and foreign competition, and gives employment preference to foreign and oriental labor over the American workman. It has forced and is forcing idleness to American labor and American industry, and it has driven and is driving American capital and American citizens out of the United States to a foreign country.

Canadian tariff laws charge an export tax on logs, and limit, restrict, and prohibit log shipments to American mills. American lumber is charged an import tax of 25 per cent if shipped to Canadian markets, but Canadian shingles and lumber are granted free, unlimited, and unrestricted entry to all United States markets.

Those laws are the basic cause for the existing distress to the American cedar industry. They show the reason for the 399 per cent production gain in British Columbia, and they explain why American production has sustained an average 16 per cent loss for the past number of years.

The United States cedar industry is not attempting to criticize. It is begging for right and justice. It admits its inability to continue operations in the face of antagonistic and discriminatory tariffs, and is asking that those discriminations be removed, and that equal opportunity be given to American labor and American industry in the production of shingles and cedar lumber for American consumption. It asks that this industry brief and petition be thoughtfully considered by the Members of Congress.

GENERAL REASONS FOR A CEDAR TARIFF

A tariff is needed on shingles and cedar lumber—

To prevent the forcing of American labor and American manufacture into direct and open competition in the United States markets with foreign and orientally produced shingles and cedar lumber.

To protect and give employment to American labor, which has been forced into much idleness because of the enormous foreign importations of competing shingles and cedar lumber.

To give at least an equal opportunity to American labor and American industry in the production of American shingles and cedar lumber for sale in American markets.

To eliminate existing advantages which are now afforded foreign shingle and cedar lumber production over the production of American shingles and cedar lumber.

To remove discriminations and handicaps now existing against the production of shingles and cedar lumber in the United States.

To foster, encourage, and increase American business and American industry and prevent increased distress to the American cedar industry, its labor, and incident business activities.

To prevent the present discriminatory tariff from continuing to drive American capital, American labor, and American industry out of the United States to a foreign nation.

To promote the general welfare of the people of the United States, increase American pay rolls, assist American progress, and advance American prosperity.

To carry out and fulfill the pledges and promises of both of the great political parties, which have promised and pledged protection to American labor and American industry, to the end that American labor and American industry may again command the home market, may maintain the American standard of living, and count upon steady employment in the accustomed fields.

SOURCE OF OPPOSITION TO CEDAR TARIFF

It has been repeatedly charged that the United States cedar industry is divided as to the need or advisability of a tariff on shingles and cedar lumber. In reply to this we make the following unqualified and unequivocal statement: Except for those few in the industry who have Canadian interests, the American cedar industry is a unit in its request for protection against foreign-made cedar shingles and cedar lumber. The very few manufacturers and timber owners who oppose a tariff either own Canadian mills or timber or are obligated to Canadian interests.

At the recent tariff hearings before the House Ways and Means Committee not even one United States cedar mill was listed as opposing a tariff on shingles and cedar lumber. One part owner of a Washington shingle mill, who has extensive shingle mill interests in British Columbia, presented his individual opposition to the tariff, but he did not even pretend that he was representing the opposition of his Washington mill against such tariff.

The opponents of a shingle and cedar lumber tariff, who appeared before the Ways and Means Committee, were shingle-staining companies and importers; and the principal and leading opposition presented was clearly that of American foreign ownerships and importing interests.

These men take improper advantage of their American citizenship when they attempt to influence an American Congress in favor of a foreign competing country and against the interests of other American citizens who have no foreign affiliations. We respectfully submit that while self-interest is in many situations entirely proper, it is entitled to no consideration at the hands of the United States Congress when it is based on foreign property ownership or affiliation with foreign interests or subservience to foreign domination.

THE CANADIAN LOBBY IN THE UNITED STATES

It is well known and susceptible of definite proof that Canadian manufacturers and timber owners have raised large sums of money to fight a tariff on forest products and to maintain an active lobby in Washington. This lobby has flooded the country with misleading literature, it has been instrumental in securing resolutions of protest from many retail lumber dealers and from a few farm organizations, and in various other ways has sought and is seeking to influence the Congress of the United States to deny justice to a suffering American industry.

Every activity of this lobby is directly traceable to Canadian and importing interests—paid for largely by Canadian money—although pretending to be working for those few Americans who have Canadian mill or timber properties. It is understood that the official name of this lobby is the National Association Against a Lumber and Shingle Tariff. Its address at this writing (May, 1929)

is 1006 Hill Building, Washington, D. C. Its listed officers are A. W. Cooper, an ex-secretary of the Western Pine Association, and Clarence H. Bahr, an attorney at law of Washington, D. C.

This lobby has secured resolutions of protest from numerous groups of retail lumber dealers and from shingle-staining concerns. It is entirely natural that the shingle-staining companies should desire to retain present conditions, which gives them frequent opportunities for manipulating the wholesale market. But aside from this a tariff will impose no hardship on them. The retail dealer's profit margin will not be lowered, for a retailer is under no obligation to handle a commodity to which he can not attach such margin as he considers adequate. The manufacturer of shingles and cedar lumber realizes the necessity for the prosperity of the retailer. He is probably the most valued and most important link in the chain between the forest and the consumer. The retailer will find that it is the American manufacturer's desire to cooperate with him in supplying desirable forest products at prices which will to as large an extent as possible eliminate substitute materials.

Members of Congress should remember that the retail dealers who presented opposition to the imposition of a shingle and cedar lumber tariff, merely entered general objections to the levying of such duties. They offered no proofs of even probable damage or injury to themselves because of such tariffs.

The three shingle-staining companies asserted an inability to purchase the desired shingles from American manufacturers. They even claimed American manufacturers had declined to manufacture the desired grades of shingles. Such claims, in the face of closed American shingle mills, anxious to operate, and idle American shingle workers, begging for jobs, is nothing less than ridiculous. It is probably undeserving of a reply, but American shingle and cedar lumber manufacturers wish it to be distinctly known and understood that they will willingly and gladly produce any kind or grades of shingles or cedar lumber, at any time, and in any amount that may be desired. All they ask is an equal opportunity with foreign competitors, and a chance to fairly compete in the production of shingles and cedar lumber for American markets.

The United States cedar industry conscientiously believes that a shingle and cedar lumber tariff will not injure any American citizen in any way, and asserts that instead, through increased American pay rolls, extended American business, and resulting greater American prosperity, a shingle and cedar lumber tariff will be positive, definite, and important benefit to American labor, American business, and American industry.

AMERICAN FARM BUREAU DOES NOT OBJECT

While certain grange organizations have entered resolutions against a tariff on shingles and cedar lumber, it should be noted that the granges of Washington and Oregon have not done so. These granges of the West, whose members are in close touch with the forest industries, know the deplorable conditions existing, and do not oppose the protection to others which they themselves are seeking on their farm products.

Mr. Chester H. Gray, representing the American Farm Bureau Federation, a tremendously large group of Americans, stated specifically in his testimony before the House Ways and Means Committee that his organization was not against such protection. We quote from Mr. Gray's testimony, pages 8033 and 8034, Volume XV, hearings before the Committee on Ways and Means, House of Representatives, Seventieth Congress, second session:

"Mr. GARNER. I notice that you are taking the position now that the manufacturer is taking * * * If protection is a good thing, if it is economically sound, why should it not apply to all the industries of the country?"

"Mr. GRAY. It does apply and should apply."

"Mr. GARNER. You are obeying the orders of your employers. You are an employee of the American Farm Bureau Federation, and they have expressed themselves. I notice a number of letters and resolutions by farmers' organizations in various parts of the country—whether it is in response to propaganda or what it is, I do not know—containing resolutions with reference to a duty on shingles, we will say. Let us take that particular thing. They say they want to build their house cheaply. That may be proper. But I thought, if that is a correct theory, the fellow that works in a Massachusetts factory might want to purchase his farm products more cheaply also, and therefore there ought not to be any duty on it."

"Mr. GRAY. You will notice that I did not include lumber, shingles, and logs in the argument this morning."

ATTITUDE OF THE LUMBER ASSOCIATIONS

Among other misleading statements, the Canadian lobby makes capital out of the fact that the West Coast Lumbermen's Association and several other large associations of lumbermen have not officially and as organizations gone on record with a demand for a tariff on forest products. Mr. Cooper and Mr. Bahr are well aware of the fact that these organizations have never entered politics; that because they have members in both the United States and Canada they have avoided all discussion of tariffs; that it is their policy not to enter into controversies which may hamper their work of extending the use of forest products.

The Northern Pine Manufacturers' Association passed a resolution opposing a tariff, but later withdrew it. The Western Pine Association (of which Mr. Cooper was formerly secretary), which passed a resolution of protest, is a small group of operators led to a considerable extent by members having Canadian interests. But it is well known that not even all the members of this latter association are actually opposed to a tariff on shingles and cedar lumber. Furthermore, 99 per cent or more of all the various individual American members of lumber associations in this country favor a duty on forest products.

A REAL AMERICAN WHOLESALER AND RETAILER'S VIEW

When the Canadian antitariff lobby attempted to secure the support of the Southwestern Retailers Association, the secretary of that organization, Mr. E. E. Woods, of Kansas City, approached some of the principal members to get an expression of opinion. He was sent the following letter by Mr. Paul Doneghy, treasurer of the M. R. Smith Lumber & Shingle Co., with general offices at Kansas City, Mo. While this company is a manufacturer of shingles, it does in addition an extremely large wholesale and retail business, buying and selling very large quantities of both United States and British Columbia shingles and lumber. Mr. Doneghy's letter follows:

KANSAS CITY, Mo., May 2, 1929.

E. E. WOODS,
Secretary Southwestern Lumbermen's Association,
Kansas City, Mo.

DEAR ERNEST: Returning herewith correspondence which was the subject matter of some of our conversation of yesterday, we have, of course, given the question of a tariff on Canadian lumber and shingles some consideration.

Our company, besides being rather extensively interested in logging and manufacturing American timber, is, of course, wholesaling red cedar shingles and doing business with mills on both sides of the international line in the Pacific Northwest. Naturally, therefore, we would prefer to have any statements contained in this letter considered as the writer's personal viewpoint and not as officially representing the attitude of the M. R. Smith Lumber & Shingle Co.

* * * It probably depends largely on an individual's financial interest as to whether he is for or against an import duty on Canadian lumber and shingles.

To me, however, test of the question is not the effect of such an import duty but its fairness. Briefly, the main reason that the majority of American lumbermen in the Pacific Northwest want the tariff is the fact that American labor should not be forced to compete with the Hindu and Chinese labor so largely used in British Columbia mills; that American timber owners, on account of both first cost and carrying charges, should not be compelled to compete with Canadian owners or contractors who are to some extent subsidized by the Canadian Government in accordance with existing market conditions; and the third further fact that probably 90 per cent of British Columbia cedar shingles and possibly 75 per cent of British Columbia lumber is marketed and used in the United States.

The British Columbia interests are opposing the tariff and stating their main reason as the additional handicap which will be placed on the lumber and shingle business by the increased cost a tariff will place on the product. I do not believe that a tariff will materially increase the cost of either lumber or cedar shingles to the retail yards. If it would, and such increased cost be passed on to the retailer and consumer, why are the British Columbia lumber and shingle interests so vigorously fighting the tariff proposal? Possibly a small part of the additional cost might be passed on to the retailer, but the very decided advantage of a steady market not subject to such wide fluctuations—which would naturally be the result of more continuous and steady operation on the part of American mills

when protected by a fair tariff—would result in lowered costs and a more stabilized American industry, which would result in a decided benefit not only to the American manufacturers of lumber and shingles, but also to the retail trade as well.

If the Southwestern Lumbermen's Association desires to go on record on this tariff measure, there is little doubt that the vast majority of its members would favor the proposed import duty on lumber and shingles, as a careful study by any fair-minded retailer through the territory covered by the Southwestern Lumbermen's Association would result in his decision that his interests would best be served by such a tariff. However, it is primarily a matter in which the American manufacturers have a very vital issue against foreign manufacturers not only in British Columbia but also in Soviet Russia, and, personally, I would hate to see any retailer in this section of the United States go on record as opposing a tariff for the protection of American labor, American manufacturers and American industry.

Best wishes.

Yours very truly,

PAUL DONEGHY.

VALUE OF CEDAR INDUSTRY AND ITS PROSPECTS

The Northwest cedar industry has a capital investment of more than \$50,000,000, exclusive of timber holdings. At the present, cedar mills are greatly depreciated in value, because of long-continued unsuccessful operations. Even under the present adverse and discriminatory conditions, the annual pay roll of the industry, including woods operations, totals close to \$15,000,000. It is estimated that the present stand of timber, without consideration of normal growth or reforestation activities, will permit the continuance of cedar-mill operations for a period of more than 50 years. The total cedar-industry employment, when operating, is about 10,000 workmen. In these figures there is no inclusion of incident activities supported in whole or in part by the cedar industry. If the value of the cedar industry to various kindred interests was possible of ascertainment, its total worth to American business, American labor, and the Nation as a whole, would show a very material increase over the above figures.

Since 1922 more than half of the cedar mills of Washington, Oregon, and Idaho, have been forced into bankruptcy or out of business, and at least half of all remaining American cedar mills are now practically bankrupt.

Bearing out the United States cedar industry's contention of heavy mortality among American mills, we quote the following from the report of the Tariff Commission:

"Low prices and the expectation of still lower prices, have not only led to restrictions on output, but also to bankruptcies, retirements from business, and receiverships. These have been particularly numerous in Washington and Oregon. (P. 56, Tariff Commission's report.)

"Another serious aspect of the present situation in the Pacific shingle industry is that many mills that have continued in business have operated at a loss or on a very slender margin of profit. (P. 56, Tariff Commission's report.)"

If shingles and cedar lumber are continued on the unprotected list for another period of years it is a certainty that nearly all American cedar mills will be forced into bankruptcy or out of business. This would result in a great waste of American timber, in the lowering of American timber values, in decreasing American commerce, lowering general property values, increasing taxes on remaining properties, the driving to poverty of thousands whose lifelong activities have been in the production of cedar products, the bringing of extreme distress and depression to many shingle and cedar-lumber producing centers, and in spreading this distress and depression, at least to a limited extent, to even greater areas. The United States Government and the States of Washington and Oregon own large tracts of timber, and would sustain immense losses, as would also thousands of individual timber owners.

The Federal Government alone owns 18,000,000,000 feet of the 49,000,000,000 feet of cedar standing in Washington and Oregon.

CONSERVATION

It is claimed by some that the free importation of shingle and lumber products produces conservation of American timber. This is not true. Aside from the vast areas of timber owned by the United States Government and the govern-

ments of the Western States, the timber is in private hands. These private interests are confronted by heavy taxation, the necessity for realizing on their investments, and the hazards of forest fires. They must cut their timber. Foreign importations can not stop this cutting; such importations only result in demoralizing conditions for the American producer so that his timber properties are liquidated without adequate return. The continuance of free lumber and shingles will not aid conservation. It merely brings loss to the American timber owner and to the American labor engaged in the timber industry. Instead of conservation it is confiscation!

But protection to the American timber industry will bring not only a measure of prosperity to the thousands of men engaged and employed in it, but it will result in the closer and better utilization which every forest economist prays for, and will make possible the perpetuation of our timber supply. A bankrupt industry can not grow timber; an industry in which there is no profit can not command funds for perpetuation. But given assurance that American markets will not be kept completely open to destructive foreign competition, and the American timber industry can and will perpetuate itself.

That a reasonably profitable forest industry is essential to our national welfare is thoroughly understood by all students of the situation. With reasonable profits will come closer utilization; with closer utilization our present immense stands of virgin timber will automatically be tremendously increased in available footage; with more adequate returns to those engaged in forest activities there will be funds for preparing the cut-over areas for new forest growth, for protection against forest fires; and with all these things made possible there will be timber in perpetuity.

FREE CEDAR BRINGS ONLY DESTRUCTION

By no sound method of reasoning can there be evolved a valid argument that free lumber and shingles will result in conservation, but if for argument we accept this theory, we must point out that in the case of cedar lumber and cedar shingles we have a situation which from any conservation viewpoint can not possibly be bettered by leaving such products without a protective tariff.

Here is the reason:

In our States cedar trees do not grow in solid "stands." The cedar is intermingled with the fir, hemlock, and spruce, with fir usually greatly predominating. Fir being the big crop, the logger establishes his operation to log for fir primarily, but as he goes along he brings out also the cedar. If the cedar-manufacturing industry is put out of business, you will not have conserved that cedar timber; you will merely have destroyed the value of those trees, for if the logger can not find a sale for them he can only leave them in the woods. Then such of these trees as are not destroyed as incident to the logging of the fir surrounding them, are left a prey to fire. The logging slashings must be burned to allow new forests to spring up, and it would be totally impracticable to protect from fire the scattering cedar trees left.

PRODUCTION COSTS

Some claims have been made that British Columbia production costs on shingles and cedar lumber are as high or higher than United States costs. If such claims were true there would be no possible accounting for the tremendous growth of the industry in Canada, because it is a certainty that if American manufacturers enjoyed a lower production cost they would not permit their markets to be taken away from them.

That Canadian costs are lower than American costs is proved by the report of the United States Tariff Commission on the red-cedar industry submitted to the President of the United States, made in 1927. In the production of shingles and cedar lumber the important items of cost which should properly be given consideration in arriving at comparisons between the United States and Canada are as follows: Logs (raw material), manufacturing piece labor, and manufacturing time labor.

Regarding costs of the above items, we take the report of the United States Tariff Commission.

"ON LOGS

"It appears that for the five and one-half years covered by Table 5-A (1921 to first half 1926) cedar-log prices in Washington and Oregon exceeded those in British Columbia, on the average by \$2.25. In 1925, the year for which cost data were obtained by the commission, the excess was \$2.31; in the first six months of 1926, owing to the great accumulation of logs in British Columbia waters, it had risen to \$2.52." (P. 11. Tariff Commission's report.)

Present (1929) cedar-log prices in the United States (Puget Sound region) are \$35 per 1,000 feet for lumber logs, and \$21 per 1,000 feet for shingle logs. British Columbia cedar-log prices, according to United States consular reports, are \$25 to \$27 for lumber logs, and \$10 and \$19 for No. 3 and No. 2 logs, corresponding to United States shingle logs. The differences to-day favoring the Canadians are an average of \$3 to \$5, depending on amount of No. 3 in the raft, on shingle logs and \$8 to \$10 on lumber logs, making a log-cost advantage to Canadians of approximately 14 to 24 per cent on shingle timber and 26 per cent on lumber logs.

As further proof of cheaper log prices in British Columbia, we refer to the records of the United States Department of Commerce reports from the Bureau of Foreign and Domestic Commerce. The records referred to, covering prices in Japan of American and Canadian cedar logs, invariably show lower prices for the British Columbia logs. The following quotations are typical, in so far as showing lower Canadian prices, and are taken from the cable of Acting Commercial Attaché Joseph E. Ehlers, Tokyo, May 8, 1929:

Red cedar logs, No. 1 (grade):	
Puget Sound.....	\$38
British Columbia.....	31
Red cedar logs, No. 2 (grade):	
Puget Sound.....	29
British Columbia.....	23
Red cedar logs, No. 3 (grade):	
Puget Sound.....	23
British Columbia.....	20

(Freight charges are included in the above prices.)

If it is asked why, with these differences in prices, the Japanese do not buy all their log requirements in British Columbia, it must be remembered that purchase of cedar logs for export in British Columbia is controlled by Canadian governmental export restrictions, and only limited quantities are permitted to be exported.

MANUFACTURING PIECE LABOR

"Piece" labor in a shingle mill includes generally only the "sawing" and "packing." In American shingle mills this labor is all performed by white men. In British Columbia, according to the Tariff Commission's report (p. 21), it is shown that oriental labor constituted 45 per cent of the total, while of the packers, 90 per cent were orientals, chiefly Chinese. The Tariff Commission's report says also (p. 21) that "only two mills employed no orientals—these two because they are located on lands leased from the Government under provision that no oriental labor be employed."

The above shows that among pieceworkers in Canadian mills a very high percentage are orientals. The following figures, from page 24, Table 11, of the Tariff Commission's report, proves that in the manufacture of the XXXXX grade, constituting the great bulk of shingles produced in British Columbia, oriental sawyers are paid on an average 4½ cents less per thousand shingles in day work and 5 cents less per thousand shingles in night work than are white sawyers. On a basis of 26,000 to 30,000 shingles per man per day, this gives a wage to the oriental sawyers of from \$1.24 to \$1.43 less per day than white sawyers. According to the commission's report, the white sawyers in Canada are paid 1 cent more per thousand shingles than the average in the United States, but when the materially lower wage to the great number of orientals is considered, it will readily be seen that the total cost of sawing of comparable grades under comparable conditions is materially lower in Canada. The average packing rate is shown as the same for day work, but packers in British Columbia on night work receive 1 cent per thousand less than American packers; and inasmuch as the total cut per day is less, the daily wage received is materially lower in British Columbia.

MANUFACTURING TIME LABOR

In manufacturing time labor there are also many orientals employed in British Columbia, 23 per cent being shown by the Tariff Commission's report. The report reads (p. 23, par. 1):

"It will be noted that daily wage rates are generally lower in British Columbia than in Washington and Oregon. * * * Common labor is paid, on the average, \$4 per day in Washington and Oregon and \$3 in British Columbia."

So we find a 25 per cent difference in common labor pay to the advantage of the British Columbia mills.

A WAGE SCALE ANALYZED

Considerable emphasis has been laid on the claim that certain "jobs" in British Columbia cedar manufacturing plants are higher paid than the same jobs in the United States. A little extra pay to a few "key" men may make a showing in an "average" table when only one man to a job is considered, but very little in the total cost of manufacture. The table of averages merely takes the rate per man per day; it does not show the daily pay of the entire mill crew combined. To make this latter presentation, we have made the following analysis of a typical 6-machine mill. (Data taken from figures shown on p. 22 of Tariff Commission's report.)

Number of men	Average wage		Total British Columbia	Total United States
	British Columbia	United States		
1 boom man.....	\$4.57	\$4.95	\$4.57	\$4.95
1 cut-off man.....	4.69	5.50	4.69	5.50
2 deck men.....	3.52	4.65	7.04	9.30
1 knee boltor.....	5.00	5.90	5.00	5.90
2 blockpillers.....	3.28	4.25	6.56	8.50
1 tallyman.....	4.57	4.80	4.57	4.80
2 loaders.....	3.24	4.30	6.48	8.60
1 filer.....	9.54	9.50	9.54	9.50
1 engineer.....	6.44	5.80	6.44	5.80
3 firemen.....	3.53	4.20	10.59	12.60
2 common labor.....	3.00	4.00	6.00	8.00
Total.....			71.48	83.45
Difference per day favoring British Columbia.....				11.97

American wage scale 16.7 per cent higher than British Columbia for the average sized mill shown.

It is plainly shown by the above that while 2 men of the typical crew received slightly higher wages than in the United States, 16 men were paid lower wages, and that the total pay for the day's operation was 16.7 per cent higher in the United States than in British Columbia.

It will be noted from the foregoing paragraphs that British Columbia cedar manufacturers have considerably lower log costs, considerably lower piece-labor costs, and considerably lower time-labor costs, ranging from an average of 21 per cent or more on logs (at present) to 19 per cent on sawing labor and 16.7 per cent on general mill labor.

LOG SCALING DIFFERENCES

It will be noted from published statements that the British Columbia manufacturers indicate that their production of shingles from a thousand feet of logs averages 7,750. Yet the provincial government's forest branch has established 10,000 shingles to the thousand feet of logs as the basis for scaling cedar, and test runs, made under the supervision of the Government's forest branch, prove that mills will actually receive not less than 10,000 shingles to the thousand feet of logs.

We offer the following uncontrovertible evidence from page 149 of the British Columbia Trade Directory and Yearbook for years 1927-28, appearing under the head of "Scaling and Grading":

"On the coast official scalers are now charged with the work of grading logs under the provisions of the forest act. Besides acting for the Government, an official scaler holds the balance between logger and manufacturer, and accurate judgment as to the true contents of logs is thus doubly necessary. Scaled booms are therefore tallied through the mills when opportunity offers, and in the following table some results are shown which fully justify (in the case of cedar) both the grades established by the forest branch and the judgment shown by the scalers in interpreting these grades. The contention of the forest branch that the No. 2 grade would yield 10,000 shingles per 1,000 feet of scale measurement is shown in this table to be correct."

[From p. 149, British Columbia Trade Directory and Yearbook, for years 1927-28]

Mill No.	Number of logs	Scale, board measure	No. 1 shingles	No. 2 shingles	Total shingles	No. 1, average per thousand feet	No. 2, average per thousand feet	Total, average per thousand feet
NO. 2 GRADE LOGS								
1.....	20	10,203	214,481	12,600	227,081	11.17	0.65	11.82
2.....	22	14,289	140,250	6,000	146,250	9.81	.42	10.23
3.....	22	16,317	156,050	16,460	172,510	9.563	1.008	10.571
4.....	27	17,772	161,500	9,500	171,000	9.08	.54	9.621
Total.....	91	67,581	672,281	44,560	716,841	9.95	.66	10.60
NO. 3 GRADE LOGS								
2.....	24	24,116	182,750	24,500	207,250	7.57	1.01	8.58
3.....	4	1,672	12,440	2,250	14,690	7.44	1.34	8.78
Total.....	28	25,788	195,190	26,750	221,940	7.56	1.03	8.60
NO. 1 GRADE LOGS								
2.....	2	1,551	15,500	1,500	17,000	9.99	.97	10.96
3.....	1	1,070	11,740	250	11,990	10.97	.23	11.20
Total.....	3	2,621	27,240	1,750	28,990	10.39	.67	11.06
Combined average.....								10.09

From the above it will be noted that Canadian logs, publicly sawed under test conditions, yield an average of 10.09 thousand shingles per thousand feet of logs, instead of 7.75 thousand.

HIGHER LOG COSTS ON AMERICAN SIDE

What is paid for logs is the real measure of material cost, regardless of scaling differences. That log costs are decidedly higher in the United States than in British Columbia is clearly shown from the following examples:

Raft No. 326, Capilano Timber Co. (Ltd.), August 30, 1928

BRITISH COLUMBIA SCALE AND PRICE

	Number of logs	Board feet	Price per thousand feet	Total price
Cedar No. 1.....	86	187,009	\$25.00	\$4,675.22
Cedar No. 2.....	90	142,614	19.00	2,709.67
Cedar No. 3.....	18	18,521	10.00	185.21
Total.....	194	348,144		7,570.10

UNITED STATES SCALE AND PRICE

Cedar lumber logs.....	99	206,590	\$35.00	\$7,230.65
Shingle cedar.....	95	116,750	21.00	2,451.75
Total.....	194	323,340		9,682.40
Cost in British Columbia.....				7,570.10
Cost advantage to British Columbia manufacturers.....				2,112.30

Raft No. 357/363, Capilano Timber Co. (Ltd.), October 28, 1928

BRITISH COLUMBIA SCALE AND PRICE

	Number of logs	Board feet	Price per thousand feet	Total price
Cedar No. 1.....	99	220,230	\$27.00	\$5,946.21
Cedar No. 2.....	268	281,579	20.00	5,331.58
Cedar No. 3.....	217	124,910	10.50	1,311.55
Total.....	584	626,719		12,889.32

UNITED STATES SCALE AND PRICE

Lumber cedar.....	98	218,550	\$35.00	\$7,649.2
Shingle cedar.....	490	368,630	21.00	7,741.23
Total.....	588	587,180		15,390.43
Cost in British Columbia.....				12,889.32
Cost advantage to British Columbia manufacturers.....				2,510.16

A total of 34 raft scales were presented to the Ways and Means Committee by opponents of a shingle and cedar-lumber tariff at the tariff hearings before that committee. The scales of those rafts are shown to vary from 4 to 23 per cent lower in Washington than in British Columbia. They showed a total footage reduction by the Washington scale of 1,383,000 feet. Notwithstanding such footage reduction, and the surprising scale variances, which can not be explained, the identical rafts in British Columbia, on the British Columbia scales shown, and at British Columbia prices, cost \$31,500 less than the cost for exactly the same rafts in Washington, on American scales, and at American prices. The cost differences so shown evidence an average advantage to British Columbia shingle production of more than \$900 per raft, or 33½ cents per thousand shingles. Such a difference, added to that of lower labor cost, equals approximately the production-cost difference American shingle producers claim as an existing cost advantage favoring British Columbia shingle production over the production of the same product in Washington and Oregon; and this difference is shown on the specially selected rafts chosen by opponents of a shingle and cedar-lumber tariff.

SHINGLE PRODUCTION AND IMPORTATION FIGURES AND GAINS AND LOSSES

Shingle production in Washington and Oregon and British Columbia, and Washington and Oregon losses and British Columbia gains are shown in the following table:

Year	British Columbia, total thousand cut	Shingle, thousand imports to United States	Canadian gain	Washington and Oregon, total thousand cut	Washington and Oregon, loss
					<i>Per cent</i>
1913.....	643,000			7,718,000	
1914.....	1,060,000	895,032	64	7,289,000	0.05
1915.....	1,895,000	1,486,938	194	6,650,000	14
1916.....	2,010,000	1,769,333	212	7,211,000	.06
1917.....	2,390,000	1,924,139	272	6,791,000	12
1918.....	2,182,000	1,878,465	234	4,520,000	41
1919.....	2,151,000	1,987,460	234	7,625,000	.01
1920.....	2,136,000	1,062,996	232	5,136,000	33
1921.....	2,374,000	2,163,611	269	5,733,000	25
1922.....	1,826,000	2,318,492	185	7,153,000	.06
1923.....	1,894,000	2,579,836	191	6,398,000	17
1924.....	2,537,000	2,167,748	310	6,082,000	21
1925.....	2,685,000	2,513,257	317	6,639,000	14
1926.....	3,200,000	2,489,120	399	6,444,000	16
1927.....	2,900,000	1,964,787		6,275,000	
Total.....	31,220,000	28,501,234		97,667,000	

¹ Unofficial. See Tariff Commission's report, p. 51.

(Gains and losses all figured from 1913, the year of tariff removal.)

The foregoing table shows that shingle imports to the United States equal 91.3 per cent of the reported British Columbia production from 1913 to 1923. It will be noted the reported production for the years 1922, 1923, and 1924 is less than the imports for those years.

DUTY ON CEDAR LUMBER IMPERATIVE

The manufacture of cedar "lumber" is not separate and not separable from the shingle industry. Not all shingle mills make cedar lumber, but all cedar lumber mills must convert a very large share of their logs into shingles, in the ratio of from 65 to 80 per cent shingles. Therefore every mill making cedar lumber is really only a shingle mill, turning a smaller part of its production into a different-shaped and different-sized product.

Cedar "lumber," so called, is a specialized product. It is not used for general structural purposes, but is made almost entirely into bevel siding and bungalow siding, used for exterior sidewall purposes, where it comes into competition with certain domestic woods, such a redwood, cypress, and others. It should hardly be spoken of as "lumber," as that is too general a term. It could be more accurately designated as "cedar bevel siding and cedar bungalow siding."

The Tariff Commission made an investigation of cedar lumber manufacturing, but, owing to the impossibility of segregating the manufacturing cost from that of shingles, no report has been made. It seems very certain, however, that the production-cost advantage on the Canadian side as regards cedar lumber is even greater than is the case with shingles. At this writing, lumber logs, so called, sell for \$35 per thousand feet on Puget Sound; the price in British Columbia for the similar grade is \$25 to \$27.

A very large proportion of cedar lumber is shipped in mixed cars with shingles. If there is no protection for cedar lumber the protection given shingles will be almost totally offset, for the British Columbia manufacturer will simply absorb with his lumber the tariff on the shingles. For instance, we will take a car of 100,000 extra clear shingles and 30,000 feet of clear bevel and bungalow siding. Assuming a price of \$3 per thousand for the shingles (the present market price is actually somewhat lower) gives a total of \$300, and at 25 per cent the duty would be \$75. Assuming a \$42.50 average price for the siding (from data in possession of the Tariff Commission), and the Canadian manufacturer would have to absorb only \$2.50 on each thousand feet of siding to take care of the entire duty on the shingles. An absorption of only a trifle over 6 per cent on his siding would take care of and offset the whole tariff on the shingles.

Production of cedar lumber in British Columbia has increased tremendously since 1913, and the annual production now approaches American production, according to information in the hands of the United States Tariff Commission. If a tariff is not granted there are certain to be more Canadian mills built, with resultant disaster to American producers. It is a menace which can not be too strongly emphasized, and tariff protection on cedar lumber is imperative if American combination mills are to survive.

PRODUCTION AND IMPORTATION OF CEDAR LUMBER

The cedar siding production for the year 1913 is not obtainable, but it is known to be negligible. It is reported that only one mill, of rather small capacity, was in operation at that time.

To-day British Columbia production of cedar lumber is approaching American production. British Columbia manufacturers dominate the American markets, and set the prices which American manufacturers shall receive.

Data in the hands of the Tariff Commission shows that for the two years ending March 31, 1928, the imports of cedar lumber from Canada to the United States were 108,210,000 feet, valued at \$4,576,208. Consular reports for the years 1927 and the first 11 months of 1928 show cedar imports at 57,820,000 feet for the first period and 53,617,000 feet for the second period mentioned. Such evidence as is available indicates that the major portion of the total cedar lumber production of British Columbia is shipped to the United States.

Canada assesses an import duty of 25 per cent ad valorem on American cedar lumber.

PRICE DIFFERENCES AND "DUMPING"

It has been frequently asserted that British Columbia manufacturers maintained a higher average price on the XXXXX and Perfection grades than was maintained by Washington and Oregon mills. Witnesses appearing before the Ways and Means Committee, opposing a shingle and cedar lumber tariff, made such claims for shingles, but made none on cedar lumber.

There are instances where Canadian shingles have sold at higher prices than American shingles, and there are instances where American shingles have sold at higher prices than Canadian shingles. There are also numerous instances where Canadian shingle and cedar lumber manufacturers have cut prices below the American cost of production, and where whole trainloads of Canadian shingles have been shipped to United States markets, when American mills were unable to operate by reason of low prices. And there are instances where Canadian manufacturers have cut the price of cedar lumber by as much as \$10 a thousand feet.

During the past two years these price cuts on shingles have not been so frequent, but this has been due solely to their knowledge that our Congress contemplated making tariff changes and to their fear of such action. In order to maintain a semblance of fair competition, they have refrained to some extent from some of the more vicious practices. The knowledge that tariff changes were possible has acted as a temporary check, but it is certain that if once the restraining influence no longer exists, they will immediately stop curtailment, even build additional mills, and take full benefit of their advantages in the way of cheaper logs and cheaper labor.

About two years ago, in order to control the price action of the individual mills in British Columbia, the manufacturers there formed what is called the "Edgwood Association." This organization, controlling a very large proportion of the British Columbia shingle machines, would be entirely illegal in the United States but is legal in Canada. Its members have bound themselves to combine and maintain prices for their highest grades, and have for some time published price lists ostensibly somewhat higher than the American prices for the same grades, in order to make a showing that can be presented to the United States Congress. However, these published prices are nullified by higher commissions paid to salesmen, frequently augmented by secret rebates, and openly in many cases by cutting the American prices on other grades if a certain percentage of Canadian fixed-price grades are purchased. We show below a paragraph taken from a sales letter issued on April 23, 1929, by the Kameo Shingle Co., of Vancouver, British Columbia. The Kameo Shingle Co., which is a Hunting-Merritt concern, is a member of the Canadian "Edgwood Association." This sales letter informs their salesmen that if a certain percentage of edge-grain shingles are purchased, the salesmen may reduce the price on the Washington extra clear grade. In order to sell their price-fixed shingles, they are permitted to cut below the market price on American shingles. The paragraph from the Kameo Shingle Co.'s letter reads as follows (it is addressed "To our representatives"):

"You will note that we have also changed the price on our 16-inch all clears and extra clears in order to give you an opportunity of meeting the Washington prices on this grade. In addition, we are going to make you a graduated price, where orders contain 50,000 to 70,000 extra clears, balance of the car to be edge-grain shingles, either XXXXX, Eurekas, or Perfections, you may make a price on the extra clears of \$2.80 per thousand, coast basis."

On the date the above letter was issued, the American market price on extra clear shingles, as shown by the Washington & Oregon Shingle Association report, was \$2.90 to \$3 per thousand to the trade. The above offer by the Canadian mill was to cut this price on the extra clear grade provided some of the ostensibly fixed-price shingles were purchased.

PRICE FLUCTUATIONS AND CONSUMERS' GUARANTEE

Price fluctuation and market demoralization has seldom proved to be of any benefit to the ultimate consumer. The benefit is to the speculator, to the detriment of both producer and consumer. American consumers of shingles and cedar lumber need have no fear that a shingle and cedar lumber tariff will produce exorbitant prices for those products, because substitute roofings and sidings of the various kinds will and do stand as a perpetual guarantee that only fair prices for shingles and cedar lumber will and must be charged in order to prevent such substitutes from displacing our products.

COSTS TO CONSUMER WILL NOT BE INCREASED

The imposing of a 25 per cent duty on cedar lumber and shingles does not mean that the price to the consumer will be increased 25 per cent. In the case of cedar lumber the selling price is governed by strongly competitive woods and in the case of shingles by composition roofing.

The Canadian manufacturer will still be in a position to give very active competition. His profits will be reduced somewhat and he will find it more difficult to "dump" his surpluses, but a 25 per cent duty will not prevent him from selling vast quantities in the United States. The Canadian logger, in our opinion, will have to absorb the greatest part of this tariff, because he is economically in the weakest position by reason of usually having a surplus of logs. The cedar comes out with the fir in logging, so, regardless of what price the Canadian manufacturers offer the logger for his cedar (within economic reason), he must sell it. If we are successful in curtailing part of the importations from Canada by reason of having a tariff, the Canadian cedar-log supply will immediately mount, and the Canadian mill men will certainly take advantage of this situation to the fullest possible degree. It is more than merely likely, it is a practical certainty, that a 25 per cent tariff will be absorbed wholly by the Canadians.

But if we for argument assume that the entire 25 per cent duty will fall on the consumer, let us see what it would amount to to the individual builder. The average home can be covered by 16,000 shingles. With extra clear shingles at \$3 per thousand the cost would be \$48, and adding the full 25 per cent there would be an additional \$12. The side walls of this average home will require 1,800 feet of bevel siding. If the builder uses the 6-inch clear grade his extra cost would be less than \$16, making a total extra cost of his home, if the entire tariff is passed on to him, of less than \$28. Even if he uses the wider siding, carrying an average price of approximately \$42 per 1,000 feet, his total increased cost would be only \$31. He builds once or probably at the most twice in a lifetime. On a modest \$5,000 home this increase—if it actually resulted—would be only a trifle over one-half of 1 per cent. Surely this small additional cost would be justified if it means the saving of a large and useful American industry.

But the imposition of a duty on shingles and cedar lumber will not increase costs to the consumer. If the present part-time operations in American mills is changed to something approaching full-time operations, as an effect of the tariff, reductions will be made in manufacturing costs, and thus permit the sale of shingles and cedar lumber at lower prices than under part-time operations.

In any event, and even if all Canadian cedar products were completely excluded by a really prohibitive tariff, and even if all substitutes for cedar products were in some way eliminated, there would still be enough competition among domestic manufacturers to keep prices down to a very low level.

ORIENTAL LABOR COMPETITION

A matter of vital import, which should receive careful consideration, is the open and unrestricted competition of oriental labor of a foreign nation with American workmen. The Tariff Commission's report (p. 20) points out that 45 per cent of all shingle mill workers in British Columbia are orientals, chiefly Chinese. The free admission of their products to United States markets effectually annuls the United States exclusion act, so far as the American cedar industry and its workers are concerned. The oriental is not permitted within the American borders, but his product in this case is freely admitted, and the existing tariff act in effect gives preference to foreign production and foreign labor employment in the manufacture of shingles and cedar lumber for sale in the markets of the United States. That is the reason American cedar workers are often found walking the streets in idleness, seeking a chance to earn a living for themselves and families, while the orientals of Canada are busily engaged in double-shift operations, producing cedar products for sale in United States markets.

Surely no true American can view with calmness this spectacle of American workmen being forced to compete with Chinese labor—barred from working in the United States, but permitted to send the products of their labor to us free.

Some British Columbia mill owners have claimed that their oriental labor is not as efficient as white labor, and infer that they would prefer white labor. But so far as preference is concerned the contrary is true. British Columbia manufacturers employ oriental labor from choice (note that the only two mills in which there were no orientals were on Government-leased ground, where oriental labor was barred by the Canadian Government). Where orientals are not barred, they are employed, proving that they are considered desirable by British Columbia mill owners.

The assertion sometimes made that "there are orientals employed in American mills also," is totally untrue so far as Northwestern cedar mills are concerned. A few Japanese are working in a few mills in the fir industry, but there are no orientals whatever employed in the cedar mills of Washington and Oregon.

AMERICAN WAGE LOSSES

Cedar mill operations in the American mills have averaged about two-thirds of the usual working period for the past five years. Most of the cedar industry labor is therefore idle about one-third of the time. Such idleness represents an annual wage loss to American cedar workers of approximately \$6,000,000, and because of this forced idleness there are many American cedar workers who receive less than \$800 for their yearly income. The great majority of these American workers are married and home owners. Forced idleness is denying them and their families the actual necessities of life, depriving their children of educational advantages, causing them to lose their homes, and driving them to Canada to seek employment that is now denied them in their native land.

CANADIAN COST ADVANTAGES REASON FOR TREMENDOUS IMPORTATION INCREASES

It is the definite, unqualified assertion of the United States cedar industry that the tremendous increases in British Columbia shingle and cedar lumber production would never have occurred without the special tariff benefits and favors now existing favoring British Columbia production. Canadian labor is not more efficient than American labor; Canadian executives are not more able than American executives; and practically all British Columbia cedar mill machinery is American made. The difference in the cost of producing shingles and cedar lumber is through lower wages and lower log costs in British Columbia, and these differences have most largely contributed to the ability of British Columbia manufacturers to take away the markets in the United States of American manufacturers.

CANADIAN TRANSPORTATION ADVANTAGES

British Columbia shingle and cedar lumber manufacturers also have lower transportation costs on water shipments than have the American manufacturers. They are able in many instances to obtain coastwise rates to all Atlantic and Pacific ports at from 10 to 15 cents less per thousand shingles than can be obtained by American mills. Rail rates are generally the same to United States points, and thus the more distant and foreign competitor is able to have his products delivered in the American markets at just the same or lower freight charges than is charged the American producer in his own home market.

On this point the Tariff Commission's report (p. 22, par. 2) reads:

"A considerable part of the shipments of shingles from both sides of the line is by water. In fact, most of the shipments to Atlantic ports go that way. For liner service the rates from British Columbia and Washington and Oregon ports show little or no difference. As to charter rates for tramp-steamer service information is conflicting. It seems, however, that British Columbia shippers sometimes have an advantage in charter rates, which, of course, vary greatly from time to time according to whether there is a surplus or deficiency of cargo offerings. That they sometimes have an advantage is due to the fact that Vancouver shippers have a wider market (in ships), not being limited to ships flying the American flag."

THE SHINGLE AND CEDAR LUMBER TARIFF IS PROPERLY AN AMERICAN LABOR AND BUSINESS QUESTION

It is, of course, indisputable that American labor is the largest loser through idleness of American cedar mills; and American business interests, in varied activities, sustain the next largest loss. American progress and prosperity can not continue without the American pay roll, and American business is greatly dependent on the pay check of the American workman. American labor can not possibly compete with the orientals of Canada or lower-priced workmen of foreign nations without reducing the American standards of living. No one will wish or countenance tearing down the present standard of American living, and there is therefore necessity for protection to American shingle and cedar lumber in order to maintain this standard for the American cedar worker.

THE INTEREST OF THE AMERICAN FARMER

It has been charged that a shingle and cedar lumber tariff will be injurious to the farmer, but it should be noted that Mr. Chester Gray, of the Farm Bureau Federation, interposed no objections to such tariffs at the hearings before the House Ways and Means Committee.

Farmers generally favor tariff protection for others as well as for themselves. They know that lines of industry must be operative to employ labor; that labor is the farmer's best customer and the largest consumer of his products; and they are well aware that there must be pay rolls or the purchase of farm products will be greatly decreased.

No American farmer has any faith in being able to dispose of his products to the Chinese and other orientals of Canada or to the low-priced workmen of foreign countries. There is therefore necessity to protect the farmer's best customer—American labor—that he may have employment and be able to purchase the products of the farm. Failure to protect the farmer's best customer and largest consumer of his products will largely defeat the aim and intent of any farm relief measure that is possible of enactment.

THE MATTER OF GRADES

When it is remembered that not even the Canadian lobby in Washington has ever even insinuated a claim that British Columbia manufacturers make better cedar lumber than Americans, it is rather amazing to note how an endeavor is made to stress an alleged superiority in the quality of shingles. It is true that the British Columbia manufacturers make a greater percentage of edge-grain shingles than do the Americans, but it is false to say they make better shingles.

On this point the Tariff Commission's report (p. 32) reads as follows:

"Official grade specifications in Washington, Oregon, and British Columbia are identical. Moreover, in actual practice they are approximately equal in quality, whether made on the northern or southern side of the international boundary."

The allegation of the shingle-staining plants that they can not secure on the American side as many edge-grain shingles as they require is absurd. The production of any particular grade of shingle will promptly follow demand for such grade at an adequate price. The reason that American mills do not now turn out huge quantities of the supergrade shingles is because of the unfair competition on this grade from Canadian sources, where they are made under materially lower log and labor costs.

This point is covered by the Tariff Commission's report (p. 77), reading as follows:

"Under existing conditions, domestic mills keep their costs per thousand shingles close to a parity with that of Canadian mills by making a smaller proportion of high-grade shingles. This does not mean, however, that the domestic industry * * * could not expand its production of high-grade shingles with an increasing demand for such shingles. * * * With increasing demand for high-grade shingles, these mills might be able either to go into the manufacture of such shingles or to expand their production of them." (P. 77, Tariff Commission's report.)

The last paragraph above simply proves, by the Tariff Commission's report, that there is no bar except an economic one to the manufacture of a greater proportion of supergrade shingles in American mills. When the market prices of such grades justify their production under the higher American manufacturing costs, there is no question about either the ability or the willingness of the Americans to supply them.

THE "LUMBER BARON" BOGY

When the facts and legitimate argument fail the opponent of a shingle and cedar lumber tariff, he resorts to the practice of ranting about the "wealthy lumber barons." There might have been some justification for this cry in days gone by; but there is none now. The cedar industry, certainly, is entirely devoid of "barons"; as will be noted from the following report of net incomes in the cedar industry, prepared by the United States Internal Revenue department, covering the past five years.

INCOME TAX REPORT ON MILLS

The report shown below is from the Commissioner of Internal Revenue, under date of May 14, 1929. It is the combined net income of 37 representative corporations engaged in the manufacture of shingles and cedar lumber in the States of Washington and Oregon, and is taken direct from the income tax returns filed with the department of Internal Revenue. This combined report covers the 5-year period from 1923 to 1927. The corporations whose figures are shown are distinctly representative of the cedar industry in Washington and Oregon.

Year	Net income in excess of deficit	Deficit in excess of net income
1923.....		\$86,573
1924.....		66,658
1925.....	\$96,514	
1926.....		38,192
1927.....		37,662

It will be noted that in only of the above years was there a profit of any kind shown by the combined 37 representatives corporations reported on, and then only an average of less than \$3,000. Every other year in the past five showed a loss.

The above compilation, taken direct from sworn-to figures, completely refutes all claims or insinuations of profits in the cedar manufacturing business. And it does show a deplorable condition in a large and useful American industry.

STATEMENTS FROM TARIFF COMMISSION'S REPORT

While numerous paragraphs and statements from the report of the United States Tariff Commission on the shingle industry appear under other headings in this brief, we call attention, in addition, to the following:

Shingle prices much below general commodity level.—In 1924 shingle prices were only 39 per cent higher than in 1913 (pre-war period). In 1925 they were only 43 per cent higher; and in September, 1926, they were only 31 per cent higher. The Tariff Commission's report reads:

"Thus the prices of shingles have lagged behind the general level of prices as indicated by the Bureau of Labor Statistics index of all commodities, which shows 1924 prices as 50 per cent higher than 1913 prices; 1925 prices as 59 per cent higher; and September, 1926, prices as 50 per cent higher. Moreover they have diverged to an even greater extent from the average prices of building material as indicated by the index for that class of material, which shows both 1924 and 1925 prices as 75 per cent higher than 1913 prices, and September, 1926, prices as 72 per cent higher. From more recent data furnished by the Washington and Oregon Shingle Association, it appears probable that shingle prices have fallen even further below the general price level and the level of building material prices." (Pp. 54 and 55, Tariff Commission's report.)

Curtailment of production.—From April 1, 1925, to the middle of May most of the mills in Washington and Oregon operated only four days per week, and from the middle of May until early in June only five days per week. In both July and August most mills closed down for two weeks. In the whole of November production was restricted to one-half capacity; from December 1, 1925, to January 18, 1926, there was a complete shutdown and some mills did not resume operations until February 1. * * * In British Columbia there was little curtailment until late in 1925." (P. 55, Tariff Commission's report.)

Decrease in American, increase in Canadian production.—The decrease from 1913 to 1915 in production in Washington and Oregon and the increase in production in British Columbia from 1913 to 1917 may be explained, partly at least, by (1) the placing of shingles on the free list in October, 1913, (2) the investment of American capital in shingle mills in British Columbia, and (3) the enactment in 1914 of a law requiring special licenses for the export of logs from British Columbia. The investment of American capital in British Columbia shingle mills in the 1913-1916 period was to some extent caused by (1) the removal of the duty on shingles, (2) the cheaper labor at that time in British Columbia, (3) the enlarged supply of logs available in British Columbia, particularly after the passage of the export licensing law, and (4) the reduced supply, in the Southern and Lake States, of wood suitable for shingles resulting in some transfer of capital from the United States to the Canadian shingle industry." (P. 53, Tariff Commission's report.)

Canadians injure reputation of American grades.—They (domestic manufacturers) say that Canadian manufacturers sometimes export to the United States Stars and Clears below the prevailing American standards and thus injure the reputation of these American grades. Moreover, since the Canadians get a price differential (see p. 72) on the high-grade shingles, it may be that they are sometimes able to throw low-grade shingles on the American market at prices much below the American level." (P. 71, Tariff Commission's report.)

Comparison of domestic production, imports, exports.—As will be noted (from table shown in Commission's report) the proportion of United States consumption (of shingles) supplied by imports has increased from 5.7 per cent in the years 1908-1912 to 24.6 per cent in the years 1919-1925 and was 25.5 per cent in 1925. In all years more than 99 per cent of the imports came from Canada. In fact, in 10 of the 19 years covered by the table they came exclusively from that source.

"As will be noted from table 28 exports (from the United States) have been almost negligible. Except possibly in 1913, they have never amounted to as much as 1 per cent of domestic production." (P. 69, Tariff Commission's report.)

It will be noted from the last paragraph above that assertions made that considerable quantities of shingles are exported to Canada are totally false.

ASSERTED RETARDATIVE FACTORS TO INDUSTRY SUCCESS

Certain factors, aside from foreign competition, have been assigned as affecting cedar industry progress. These are national advertising of competitive products, asserted lack of fire resistance of wood products, antishingle ordinances, and higher insurance ratings. It may be that these asserted factors have some bearing. Yet in the face of all these obstacle and competition, industry reports show that the combined shingle production for Washington, Oregon, and British Columbia, has gained 26 per cent since 1913. This gain is conclusive evidence of the vigor of the cedar industry and its ability to make headway against many obstacles. No industry without inherent merit or without great efficiency in management and manufacture could have done so.

The gains, however, have gone to the manufacturers of a foreign nation. The American manufacturer, in spite of all his best efforts, has been unable to hold his own against the unfair competition of British Columbia producers. The most serious retardant to the progress and prosperity of the American cedar industry is the present discriminatory tariff, and American cedar producers frankly admit they will never be able to progress and prosper so long as this handicap remains.

CANADIAN AND UNITED STATES TARIFF POLICIES ON FOREST PRODUCTS

Canada charges an import tax on cedar lumber exported from the United States to Canadian markets, totaling as high as 25 per cent ad valorem; exacts an export tax of from \$1 to \$2 per thousand feet on logs; and limits, restricts, and at times prohibits log exportation to American mills. American cedar lumber is practically barred from the markets of Canada.

The United States charges an import tax on logs, but permits free, unlimited, and unrestricted importation of foreign shingles and cedar lumber to all American markets.

Practically no shingles or cedar lumber are ever shipped from the United States to Canadian markets.

CONCLUDING ARGUMENT, AND APPEAL

In closing this statement we wish to point out that while the uncontroverted and uncontrovertible figures and statistics shown by the American cedar industry in this and various other briefs indicate conclusively the need of tariff protection on cedar lumber and shingles, we could lay most of these figures aside and still prove that we are justified in coming before you with a plea for relief.

We have only to point to certain established facts. We show, on the one hand, that American manufacturers have not prospered during the past 15 years except during very brief intervals. We show that for the five years last past they have suffered continuous and considerable losses. We show that to-day, as one Member of Congress very aptly expressed it, American cedar manufacturers are "hanging on by their eyebrows," hoping and praying for relief against intolerably unfair competition. We have shown that since 1913 (when the tariff was removed) and to 1928, 50 per cent of those engaging in cedar operations during that period have had to go out of business, either through bankruptcy or because they could see no hope for profit. We have knowledge that 50 per cent of those now engaged in the business are not far from bankruptcy.

On the other hand, we have proved that in 1913 there was no appreciable quantity of cedar siding shipped in from Canada, while to-day more than a third of the total used in this country comes from there. In the matter of shingle importations, we prove from the records that there has been the enormous increase of practically 400 per cent in the volume of Canadian shingles exported

to the United States, and now this total amounts to nearly 50 per cent of the American production. We have shown that at times Canadian mills operate two and three shifts when American mills can not run except at a loss. We have shown in Canadian mills 45 per cent of all the workmen employed are orientals, thereby placing the American workman in direct competition with oriental labor. We have shown a truly deplorable condition in a fairly large and certainly useful American industry, a condition which nothing but fair tariff protection can ameliorate.

The American cedar industry is not seeking a prohibitory tariff, nor asking for an embargo against the importation of competitive shingles and cedar lumber; but it is earnestly pleading for fairness and justice, and is asking that the industry, and its workmen, be given at least an equal opportunity to manufacture and produce American shingles and cedar lumber, with American labor, in American mills, for sale in American markets.

Submitted by Edward W. Hartley, member subcommittee on cedar (Clough-Hartley Mill Co., Everett, Wash.); George A. Bergstrom, Member subcommittee on cedar (C. & B. Lumber & Shingle Co., Everett, Wash.; Pacific Timber Co., Everett, Wash.), A. C. Edwards, member subcommittee on cedar (Edwards Shingle Co., Everett, Wash.); H. J. Bratlie, member subcommittee on cedar (Bratlie Bros. Mill Co., Ridgefield, Wash.); R. W. Condon, general chairman lumber industry tariff committee (Charles R. McCormick Lumber Co.); Roland H. Hartley, Governor of the State of Washington; Mark E. Reed, Simpson Logging Co.; Carl J. Foss, Edison Shingle Co.; Albert Schafer, Schafer Bros. Lumber & Door Co.; Joseph Irving, Monroe Logging Co.; Frank H. Lamb, Northwestern Lumber Co.; Anacortes Mutual Mill Co., Anacortes, Wash.; Aloha Lumber Co., Aloha; Bratlie Bros. Mill Co., Ridgefield; Burns Shingle Co., Anacortes; Carbon River Lumber Co., Fairfax; Case Shingle & Lumber Co., Raymond; Carlisle Lumber Co., Onalaska; C. B. Lumber & Shingle Co., Everett; Columbia River Shingle Co., Skamokawa; Clough-Hartley Co., Everett; Corbett Mill Co., Anacortes, Wash.; Crescent Shingle Co., Kelso; Eastern Railway & Timber Co., Centralia, Wash.; East Hoquiam Shingle Co., Hoquiam; Edison Shingle Co., Bellingham; Heath Lumber & Shingle Co., Granite Falls; Hillview Shingle Co., Montesano; William Hulbert Mill Co., Everett; J. M. Hoyt, Prairie; Getchell Mill Co., South Bend, Irving-Dougherty Co., Aberdeen; Jamison Lumber & Shingle Co., Everett, Wash.; Jerns Shingle Co., Bellingham; Johnson & McGraw, Vernonia, Oreg., Henry Kratz & Co., Clatskanie, Oreg.; Lake Sammamish Shingle Co., Redmond; Long-Bell Lumber Co., Longview; J. A. Lewis Shingle Co., South Bend; Leybold-Smith Shingle Co., Tacoma; Mackie Mill Co., Markham; Monarch Mill Co., Everett, Wash.; John McMaster Shingle Co., Seattle; McKenna Lumber Co., McKenna; Motor Mill Co., Seattle; Merrill & Ring Lumber Co., Seattle; E. C. Miller Cedar Lumber Co., Aberdeen New England Manufacturing Co., Everett, Wash.; Northwestern Lumber Co., Hoquiam; Oakland Shingle Co., Edmonds; Olympia Shingle Co., Olympia; Pacific States Lumber Co., Tacoma; Panama Lumber & Shingle Co., Olympia; Polson Lumber & Shingle Co., Hoquiam; Quality Shingle Co., Edmonds; Royal Shingle Co., Whites; Reed Mill Co., Shelton; Saginaw Shingle Co., Blaine; Saginaw Timber Co., Aberdeen; Skagit Mill Co., Lyman; Seimons Lumber Co., Bellingham; Snoqualmie Falls Lumber Co., Snoqualmie Falls; M. R. Smith Lumber & Shingle Co., Seattle; Soule Shingle Co., Aloha; Superior Shingle Co., Everett; Taylor & Young Kapowsin; Wallace Lumber & Manufacturing Co., Sultan; Wayland Shingle Co., Seattle; Whatcom Falls Mill Co., Bellingham; Western Cedar Co.; Western Cross Arms Manufacturing Co., Centralia; Wood & Iverson, Hobart.

STATEMENT OF CHARLES E. DANT, REPRESENTING DANT & RUSSELL, PORTLAND, OREG., AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator JONES. Mr. Dant is very well qualified to speak on this subject.

Senator McNARY. Give us the history of your representation and qualify yourself as a witness. You stand very high in the western country as a business man and a shipping man.

Mr. DANT. I am interested. I am president of Dant & Russell, of Portland, Oreg., which is an export and wholesale lumber company.

I am also in the shipping business and in the manufacture of lumber at Coos Bay, Oreg., cedar lumber particularly.

Senator THOMAS. You make shingles?

Mr. DANT. No. I also represent Inman-Polson Lumber Co., of Portland, Oreg.; the Western Lumber Co., of Portland, Oreg.; Clark Wilson Lumber Co., of Portland, Oreg.; and the Jones Lumber Co., of Portland, Oreg.

Senator COUZENS. Are you in agreement with the testimony adduced previously with respect to tariff?

Mr. DANT. I am. I think that Mr. Irving really touched the most important of all points from the manufacturing and producing end and in that British Columbia is right where we were 40 to 50 years ago.

Senator THOMAS. In what particular?

Mr. DANT. That is, that they have all of these inlets with the timber lying right on the bank of the inlets. They can drop it in the water or get in the water very cheaply, whereas all of that in the timber belts in Oregon and Washington has been cut off and they have to go further back.

Senator COUZENS. Have you read or heard the testimony of Mr. Bloedel?

Mr. DANT. No, sir.

Senator COUZENS. You do not know what he testified to?

Mr. DANT. No.

Senator THOMAS. If American timber was located as accessible to water as is Canadian timber, what would be the difference in cost of production?

Mr. DANT. None.

Senator COUZENS. Proceed.

Mr. DANT. The principal point I want to call attention to is that foreign ships go out from English ports, continental ports, and Scandinavian ports to the Orient through the Suez Canal, take out their cargoes of manufactured goods and they usually finish that voyage in Japan. When the voyage is finished they are from twelve to fourteen thousand miles from home if they go back through the Suez Canal. They are 4,215 miles from Vancouver, British Columbia, or Seattle or Portland, about the same to all of these points. The question with the ship after it has disposed of its cargo or delivered its cargo is how to get home the cheapest way. So a great number of ships drop across to British Columbia and pick up a cargo of lumber to New York or to Boston or perhaps for New York and Boston together or Providence or various ports here on our Atlantic coast.

In the month of May there were 40,000,000 feet of lumber, which was about eight or nine full cargoes of lumber, that went from British Columbia to our Atlantic coast. Those ships being interested in getting home, it is not a question of the cost of operation or anything else; it is just the cheapest way to get home, and the result is that the British Columbia operator has an advantage in our Atlantic coast markets that he really does not have any other place.

Senator COUZENS. In other words, whatever freight that ship gets is velvet.

Mr. DANT. That is just simply the luck of this voyage home. The profitable part of the cargo was taken to Japan or China and it is on the way home. It may come over to the United States and get

a cargo of wood home if it can. It can not take a cargo of lumber from our Pacific coast to our Atlantic coast on account of our coast-wise shipping laws.

Senator COUZENS. Would you recommend that those laws be changed?

Mr. DANT. No, I would not recommend that they be changed, because I do not think we would have any American ships on the sea if you did do it. But I would recommend that this committee find some way to equalize, at least, so far as I am concerned if they equalize it, that is all I want. I do not want any advantage of them at all.

Senator COUZENS. Is there any suggestion on how we could in the tariff equalize that difference?

Mr. DANT. The only way you could equalize it would be to put a tariff on Douglas fir and hemlock lumber.

Senator COUZENS. Coming into the United States?

Mr. DANT. Yes.

Senator COUZENS. Put it high enough to catch the ship going to New York and thereby affect all the rest of the country the same?

Mr. DANT. Put it on a basis whereby Canada could not undersell us in the New York market.

Senator COUZENS. You would still have the freight competition with the American producer, the same competition.

Mr. DANT. There would still be a certain freight to New York.

Senator COUZENS. By foreign ships?

Mr. DANT. The foreign ships would still have to go home.

Senator COUZENS. He would still have—the British Columbia producer—would still have the advantage of that ship that has to go home?

Mr. DANT. Yes; he would always have the advantage of that ship.

Senator COUZENS. Where does that enter into the tariff?

Mr. DANT. Because that enters into delivering. It is one step that the commodity has to pass through before it finds its market on the Atlantic coast, and the only thing that counts when we go out to sell lumber is the delivered price that we can make in New York or China or Japan or England or Buenos Aires or anywhere else. The man buying in a foreign country does not ask how you do it. He does not care. He wants to know what those goods cost laid down in New York, Buenos Aires, or anywhere else.

Senator THOMAS. What per cent of your product is exported?

Mr. DANT. The product of the northwest?

Senator THOMAS. If you are competent to pass on that yourself?

Mr. DANT. Of my company?

Senator THOMAS. Yes.

Mr. DANT. I should say 80 per cent of the business my company does is to foreign countries, or 70 per cent anyway.

Senator THOMAS. In what countries?

Mr. DANT. Our largest market, my own firm's largest market, is China; the next largest market is Japan; the next largest market is England. I should say the British and continental ports.

Senator THOMAS. Do you get the same price for your exportable product as for your domestic sales?

Mr. DANT. The same relative price.

Senator THOMAS. Would the tariff as asked for, as proposed in this bill, be of any benefit to you on your foreign sales?

Mr. DANT. No.

Senator THOMAS. Is 75 to 85 per cent of your stuff foreign sales?

Mr. DANT. Of my company, yes. The tariff would not make so much difference to me. But what I want to see done is to equalize that advantage which they have over us. I do not care how it is done. I would like to see it done. That is all I have to say.

**STATEMENT OF W. A. PRATT, PORTLAND, OREG., REPRESENTING
THE LOYAL LEGION OF LOGGERS AND LUMBERMEN**

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. PRATT. I am representing the employees of Portland and Columbia River districts, the Loyal Legion of Loggers and Lumbermen.

Senator THOMAS. How many?

Mr. PRATT. Probably 4,000, while the Loyal Legion covers 10,000 to 12,000 men, some of the districts have not taken action as far as the tariff is concerned.

Senator THOMAS. Are those men organized?

Mr. PRATT. Organized in the organization known as the Loyal Legion, an organization of men and operators developed during the war time.

Senator THOMAS. Are they all in your organization that work in this class of business?

Mr. PRATT. What do you mean by that, all of the mills?

Senator THOMAS. Your mills.

Mr. PRATT. No, we probably have only one-tenth in the whole organization as far as the number is concerned, although in production we have probably 30 per cent.

Senator THOMAS. Do all unorganized workmen get the benefit of any increase that comes to the industry?

Mr. PRATT. Absolutely. This organization, the 4-L, as it is called, is made up of the men and the management, and there is no compulsion to get a man to join. We have operations whereby the operator puts himself in position to treat all his men alike. We might have 100 men in our organization paying dues where there will be 400 or 500 men working.

Senator COUZENS. It is not an organization on a labor union basis or manufacturing only either.

Mr. PRATT. The thing I would like to touch first is when we speak of lumber, the \$1 on the Pacific coast around Portland, Oreg., we always figure that 60 per cent of that wage dollar is a lumber dollar.

Senator COUZENS. What do you mean by lumber dollar?

Mr. PRATT. It comes from the producing end, from the workman, interlocking, the miller and the logger, and all supplies that enter into that particular thing.

Senator COUZENS. When a dollar's worth of lumber is sold, 60 per cent of it is labor.

Mr. PRATT. Sixty per cent of the wage dollar in our part of the State, because 60 per cent of the dollar in the lumber industry is that part of the dollar for lumber.

Senator McNARY. Of the gross income of the State of Oregon 70 per cent comes from forest product, including labor and materials.

Mr. PRATT. In speaking of the minimum wage, we have a schedule of wages and a minimum wage, depending on the nature of the job in the mill. When I speak of the minimum wage I speak of the wage and the minimum cost of the labor rate. In 1920 the wage had risen to \$4.40 per day.

Senator THOMAS. How many hours?

Mr. PRATT. In 1926 they had been reduced to \$3.40 per day. That is the minimum to-day, \$3.40. That is a decline in the daily wage of 20 per cent. In 1927, and mostly in 1928, many of the mills in our territory, some of them went down and out entirely. Others went down to a 5-day week and last year we had in the industry the 5-day week, practically most of us, and the same wages per day, which makes a week's wages practically 34 per cent less than it was in 1920.

Senator COUZENS. Have you any unemployment?

Mr. PRATT. Lots of unemployment.

Senator COUZENS. How many?

Mr. PRATT. It is hard to say. I am in charge of the employment office of the 4-L and I am fairly sure that we have the largest amount of unemployment we have, but in regard to the 4-L I can not say.

Senator COUZENS. How long have they been unemployed?

Mr. PRATT. Most of them from the latter part of last year and this year.

Senator COUZENS. How many other mills?

Mr. PRATT. There are a number of mills in the territory coming in from other parts and it is very hard to say. I am in charge of commerce of our local territory, advertise what we have in the country, to have.

Senator THOMAS. Did this employment prevail in the time last fall?

Mr. PRATT. Yes.

Senator COUZENS. The unemployment is from the 4-L, is it not? Unmixed blessings, are they not?

Mr. PRATT. In my opinion.

Senator COUZENS. Yes, mine.

Mr. PRATT. To some extent, yes, the unemployment has gone from the 5-day week and are now on a 3-day week or less; instead of the 3-day week we had in 1920, five days, and then every once in a while close to a 5-day week.

Senator COUZENS. You contend that is all due to importations from Canada?

Mr. PRATT. I can not say. I can say this, that the employees in our organization have been very active in what we call wood promotion because we understand substitutes have taken the place of lumber and employees have worked hard themselves in wood promotion committees to combat substitutes of wood, and while we could allow something for that, the unemployment now is so great that it is very depressing in our part of the country.

Senator COUZENS. You do not know the actual amount which is due to substitutes and how much is due to importations from Canada?

Mr. PRATT. I could not say.

Senator COUZENS. Your organization keeps no statistics in that connection?

Mr. PRATT. No.

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Senator THOMAS. Do you not think this proposed tariff on shingles and lumber will have the effect of increasing the prices of shingles and lumber? Do you not believe that?

Mr. PRATT. That is a hard thing for me to answer; I do not know.

Senator THOMAS. You hope that would be true?

Mr. PRATT. I would hope it would help out the situation in our State; that is the big thing, to keep running steadily.

Senator THOMAS. If it does to any extent, it will make lumber and shingles higher, and if so, does not that further encourage the development of substitutes for lumber and shingles?

Mr. PRATT. I believe we can take care of our own lumber and shingles because I think the substitutes, especially as far as roofing is concerned, are such that we are on the down grade and it is a matter of education to show the people that cedar is so much better protection than a substitute. There is an example in what Mr. Dant said about 40,000,000 feet being shipped to the Atlantic coast, which is practically as much as was shipped from the whole State of Oregon in a month. So you see the hardship it works on us.

Senator THOMAS. Are the men engaged in the lumber business, the men who do the work, who work in the forests and do the transportation, and the men who do the work around the mills—are they organized into unions as they are in other lines of capital?

Mr. PRATT. No, sir, only very recently, within the last six weeks, on account of the depressing conditions at Lagrande, in the pine country, 100 miles east of Portland, on account of pushing the men from 8 to 10 hours a day, the operator's excuse is that he does it to make money—I do not know whether that is a fact or not or only an excuse—but he said he must work 10 hours a day to pay the men's wages—and they have organization very recently with the American Federation of Labor.

Senator THOMAS. When this increase from the 8 to the 10 hour work day was placed in effect, were the men given the same per hour wage?

Mr. PRATT. No; they were added a little bit more an hour but not enough to balance it.

Senator THOMAS. They are working 10 hours for practically the same amount they had received for 8 hours?

Mr. PRATT. Just a little more.

Senator THOMAS. In spite of that unemployment, is it on the increase or stationary?

Mr. PRATT. The unemployment at the present time, I would say, is stationary because we have a number of small mills that do not winter, that are operating in the summer time and take up slack at this particular time.

Senator THOMAS. What do these mill operators do when they are out of work?

Mr. PRATT. Not a thing for them to do on the Pacific coast.

Senator THOMAS. Do they make enough money when they are employed to take care of them during the period of depression?

Mr. PRATT. Not now.

Senator THOMAS. How do they live during that period?

Mr. PRATT. A week ago yesterday I happened to be on the Columbia River visiting an operation that was always considered

a steady operation. At that time I was with the timekeeper when he went to the butcher shop with a list of about 30 names out of the bunch of families living in the town, strictly a sawmill town, taking that list up to the butcher, where they had not enough money to pay the butcher left from last month. They pay at the end of the month. That is the condition on the Columbia River.

Senator Jones. I will ask Mr. Bratlie to just give a sentence about the point he spoke to me about.

ADDITIONAL STATEMENT OF H. J. BRATLIE

Mr. BRATLIE. I simply want to point out to the attention of the committee that when Mr. Pratt spoke about the 10-hour day, that applies to that one region; it refers to the pine region only, and had nothing to do with the fir, hemlock and cedar regions, and I might also state that the pine operators are the only operators in the northwest that have protested against the tariff on foreign woods.

STATEMENT OF H. J. COX, REPRESENTING THE WILLAMETTE VALLEY LUMBER ASSOCIATION, EUGENE, OREG.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator McNARY. Whom do you represent?

Mr. Cox. The Willamette Valley Lumber Association.

Senator McNARY. Where is that located?

Mr. Cox. Willamette Valley, State of Oregon.

Senator McNARY. Where are your operations?

Mr. Cox. I will cover that in my statement. The subject has been pretty well covered and our association has gone on record in favor of a lumber tariff. I have this down pretty briefly to cover the information as to where we are and what our position is in the industry.

Senator McNARY. You speak for both lumber and shingles?

Mr. Cox. No; just lumber. There are 689 sawmills in the Douglas fir region of Washington, of which 301 are in Washington and 388 in Oregon; 267 of these 388 mills are located in the Willamette Valley, which embraces that territory south of Portland to the California line and west of the Cascade Mountains, and these 267 mills produce one-third of Oregon's total fir-lumber production.

The Willamette Valley Lumber Association membership is composed of 61 of these mills, ranging in size from 10,000 to 500 feet per day capacity. They produce approximately 90 per cent of the lumber products of these 267 mills and employ between 6,500 and 7,000 workmen. For at least a year it has become almost a custom for the industry in the valley to limit the operations to five days per week for the reason or owing to the inability to sell a sufficient amount of lumber at a profit, and they are not producing over 60 per cent of what they can produce under normal conditions, under normal operating conditions. This together with the resultant loss to labor has created a depression that is not only felt by the mill man and the workmen, but by the grocer, the butcher, the farmer, and all others in the community who are dependent upon a portion of the pay roll dollar for a livelihood.

The quality of our timber in the Willamette Valley is not as good as other localities, such as that of British Columbia, neither is the manufacturing as cheap, due to the fact that British Columbia is full of inlets making water transportation cheap to the mills, whereas we have to transport our lumber to tidewater, by rail, and pay the freight charge in so doing.

In addition to that on the portion that is shipped to tidewater for reshipment to New York, Boston, Philadelphia, or other Atlantic coast destinations, they have to ship on American boats at a higher freight rate than their British Columbia competitor pays on a foreign ship.

The Willamette Valley Lumber Association believe that the present condition of the lumber industry is affected partly by foreign importations and they have gone on record as urging that a substantial protective tariff be imposed upon soft wood lumber coming into the United States from foreign countries so as to help eliminate this condition and insure continuous operation of saw mills and steady employment of labor at a liveable wage.

The Willamette Valley has no water transportation and a railroad freight haul has to be paid to tidewater, which ranges from \$2 to \$3 per thousand feet. Neither of these has to be done in British Columbia.

Senator COUZENS. What rate of tariff do you recommend?

Mr. Cox. The association in their resolutions passed by their meeting just stated a substantial protective tariff.

Senator COUZENS. You have not any idea then of the tariff?

Mr. Cox. They generally favor making it \$3 a thousand on lumber from Canada.

STATEMENT OF HON. CHARLES L. McNARY, UNITED STATES SENATOR FROM THE STATE OF OREGON

Senator McNARY. I had not intended to speak on this subject. There are two or three matters with which I am more or less conversant I want to discuss. Of course, I do not know the technical phases of this proposition to increase the tariff, but there are other phases that have not been discussed this morning which I would like to touch upon briefly.

The industry itself, Mr. Chairman and members of the committee, is the largest one we have in the three Northwestern States—Oregon, Washington, and Idaho. As I stated to the chairman, 70 per cent of the gross income in those States is derived from logging operations, and in the conversion of logs into lumber, in a word, from general forest products. In the State of Oregon 54 per cent of every acre is owned by the Government. It is untaxed, national forests, national parks, monuments, and Indian reservations. The real theory of the Government has been, in connection with our forests, that a small percentage of the sale of timber of the national forest shall go to the State, 25 per cent, of which 10 per cent goes into the fund for construction of roads and trails in the national forests reserves located in the State. This is in lieu of taxation but does not amount to the whole amount of taxes it would bear if taxed as private industry. I speak of that to show we are interested in this industry. It is a lagging industry and has been for a number of years.

I am not contending that the tariff is wholly responsible for the condition of the lumber industry. I know it is a contributing cause. One of the reasons, therefore, is that the farm conditions of the country have been so depressed during the last six or seven years that the farmers have not been able to buy a normal quantity of timber. That has cut off the sale in a great degree of softwood raised in the northwestern country. Another cause is the walls that have been built around the soft timber in the Northwest by tariff protection in other countries. As referred to here Norway and Sweden have a tariff against the importation of lumber which has had its injurious effect on timber and the lumber market. Recently, and probably a most serious situation, has been the tariff imposed by the Diet, the legislative council of Japan, on timber coming from the Northwest country.

Senator COUZENS. That affects British Columbia just the same.

Senator McNARY. Yes. It has been said here, Mr. Chairman, that the lumber people of Oregon, Washington, and Idaho must pay, if they desired to send their finished product into Canada, a duty amounting to 5 per cent ad valorem, and the result is simply this, that we are not working behind the wall of protection. Any wall of protection that prevents us from going into foreign markets always operates injuriously.

I recall as the chairman of a select committee on reforestation, of which the chairman of this subcommittee was a very capable member, and took a great deal of interest in the subject, that we found the the appetite of the American people for lumber to be 15,000,000,000 feet annually. About 2,000,000,000 is imported from Canada, which has about 4 per cent. I am sure that competition is not so keen, but it is just like it is in agriculture and other industries, that it does add to the supply that is left unconsumed in this country, and by that fact it brings about a depressed and injurious situation. In my opinion, if a tariff is placed on Canadian products, it would stimulate the manufacture of lumber in this country.

Senator COUZENS. Would it increase the price?

Senator McNARY. I do not know; I assume it would. But it would have this effect; it would have the effect of stabilizing prices and prevent price fluctuations that seriously affect the manufacturer and the labor in the industry. It would effect certain economies; it would really absorb the tariff, through the constant operation of the mills. A great many of them now are running on short hours and a few days in a week. If the mills were running at full capacity, with the economies that could be practiced, and waste avoided, they would quite absorb the imposition of the tax on Canadian lumber. I think, Mr. Chairman, it would have a very good effect and bring about an improved condition in the Northwest.

Some one stated a little while ago that a tariff imposed on softwoods in the Northwest would be class legislation. I think that is a remark made by Senator Walsh, who, I regret, is out at this time. Speaking in a narrow sense that is often the result of tariff legislation. Some localities often profit over and above others. The same thing obtains in New England. If that section is entitled to protection for their textiles it should have protection. There is no difference in the tariff practice between textiles in New England and lumber in the Northwest country.

Senator COUZENS. The New England people are protesting against this tariff and you can see the reason for that, that they bring theirs from Canada which is very close to them. They are penalized by having a tariff put 3,000 miles away from their markets for consumption.

Senator McNARY. I simply wanted to make this observation, that in all the schedules of the tariff bill there is a more or less selfish motive, and it is not fair to say that it is class legislation when it affects the Northwest, without applying the same observation to another industry in the New England States.

Just recently the House placed a tariff on birch and maple of 25 per cent ad valorem, going into America, probably through Detroit and some of the other eastern cities. At present I do not understand why there should be any difference between importation of birch and maple and softwood on the coast.

I have only one other thought to suggest and that is conservation. In the study made by the committee which went all over the country, that subject was not only interesting, but I think it was developed and Congress subsequently passed legislation, one bill of which bears the name of the chairman of that subcommittee. Congress has done a great deal in the matter of conservation. I do not think that simply locking up the forest and saying you can not cut the timber off makes for conservation. Proper utilization of the forest is a progressive conservation that ought to inspire this country in dealing with the forest problem.

Senator COUZENS. Do you agree that tariff aids conservation?

Senator McNARY. It would if it had the effect of excluding the timber from the American market. If it did not have that effect, of course, it would not. But lots of folks have a kind of theory that we should pay tax in the way of duty imposed on Canadian timber because it would assist conservation in America. The best system of conservation to my notion is that practiced by the Federal Government, namely, fire protection and control. The Government, under the stimulus of that committee's work, has increased the sum of the appropriation from \$125,000 a year to \$1,000,000 at the present time. It has further, since the bill was passed as the result of the committee's work, encouraged farm lot planting and nursery planting. A more particular thing it has done is that it has resulted in legislation in my own State to attempt to prevent undue taxation of lands that have been cut over. That is the greatest system of reforestation, and when you protect the forest from fires and protect the denuded land from excessive taxation, you will have a wise, sound utilization of your forest.

I have not, and I am sorry I have not, given any thought to this matter until this morning. I did not know until yesterday it was coming up to-day. The fundamental thing is to demonstrate to your committee that there is a difference between the cost of production in Canada and here. I have one more observation from the section of the country where I was born and spent my life. I think sincerely there must be a considerable difference in cost, but what amount I do not know. One thought was developed before our committee some years ago. Most of our timber is way back on the high land, which requires a very costly system of operations. The high-land system of logging, answering the question of the Senator from Okla-

homa, entirely denudes the lands lofled over from trees that are really worth while preserving. Very little selective logging is practiced outside of the national forest.

One word and I shall conclude, and it has not been mentioned here, why this timber should go to market. Because 20 per cent of the virgin forest of Oregon and Washington to-day, which constitutes the last great stand of virgin timber in this country, is overripe, and in many instances unmerchandizable for timber, if we could remove that to the market and practice reforestation under the general guidance of the Government, you will have done a very good thing to the Northwest.

Senator COUZENS. I will ask you a question since you are the champion of the farmers in the Senate.

Senator McNARY. Thank you.

Senator COUZENS. Whether or not this proposed tariff will raise the cost of construction of houses and barns for the farmers?

Senator McNARY. I know your modesty prevents you from answering that question. We studied that in our work. I think the greatest deterrent to increased price levels is the substitutes now on the market. In my judgment if this tariff would bring about rather an appreciable increase in the price of lumber or in shingles, there would be a rush to the substitutes which are upon the market, and like the old equalization fee which I thought would deter overproduction, I think the substitutes perform as a deterrent against overcharging prices to the consumer. I do not think it would affect the homes that are to be built if this duty is placed as proposed. I have no idea, Mr. Chairman, what the duty should be; some have said \$3 a thousand is adequate. That is to be left to the result of the committee's deliberations. I thank you.

Senator COUZENS. Have you any views on the question of valuation as to the foreign valuation and the American valuation of the United States system? That is a very important issue because the rates will be largely determined on the basis of valuation.

Senator McNARY. That comprehends the difference in costs. I stated to you I have no definite idea on that subject, but I do know this as one who has been over that great country that the trees came down to the water's edge and the costs of operations appear very much less than in the States. That has been gone into here, and if you take a trip to Canada or Alaska by sea you see the trees down to the water's edge. That indicates to me as one definite observation that costs must be less in Canada than in America.

(Senator McNary submitted the following telegram for the record:)

PORTLAND, OREG., June 20, 1929.

HON. CHAS. L. McNARY,
Senate Chamber, Washington, D. C.:

A careful investigation will show that without exception the only people who are opposed to tariff on lumber and shingles are those Americans with divided allegiance who have timber holdings or other interests in Canada, which causes them to place their personal interests above that of the general welfare of the State. Numerically these people are too small a minority to be given any consideration, and I would urge that you use every effort to get favorable consideration for the lumber tariff, which is badly needed and behind which practically every citizen in Oregon stands

HUBBARD, Winchester Bay Lumber Co.

**STATEMENT OF HON. WESLEY L. JONES, UNITED STATES SENATOR
FROM THE STATE OF WASHINGTON**

[Including shingles, par. 403]

Senator JONES. I can only emphasize what Senator McNary has said. Reference has been made to the attitude of New England. When I buy a textile garment made in New England I may have to pay a little more because of the tariff. I do not complain about it, because out in my territory, 3,000 miles away, we do not produce these textile articles, but we have to get them in New England. I do not think that should be any argument whatever against a tariff on things that we produce that they may not produce. If it is to be considered an argument against a tariff on an article because it is produced in one particular section and not in another, then tariff protection goes. There are very few articles bearing tariff that are found in all parts of the country.

Then with reference to the lumber situation in our country, I am just going to repeat what has been already uttered, that when I first went out there 40 years ago, I remember that the timber came right down to the water's edge, on Puget Sound all up and down the west country. Now, the timber has gone back, in many places miles back into the interior, and the expense of what we might say harvesting timber there seems to be very much greater than it was in the earlier days. I have been to Alaska two or three times, going there via British Columbia. I found that the timber conditions there are now, as has been said here, just what they were 40 years ago when I went out to Washington.

With reference to the cost of shingles being increased by a tariff to the farmer, I will take the liberty of just calling attention to something that everybody knows but probably we overlook in human nature, and a personal reference which I hope you will pardon me. When I went out to the State of Washington, it was then a territory, 40 years ago. The next year I built a little house, a 3-room house. I had to get shingles to put on the roof. That roof is still on that house now. Whatever increase in shingles I paid to roof that house that I had to pay by reason of the tariff, I paid it then and it has never been paid again. I occupied that house myself for 15 or 20 years. I did not have to pay the tariff on those shingles during that time. I had paid it once. So on the houses and barns throughout the country if one gets shingles to cover his house or his outhouse or his barn, if the price is increased slightly by reason of the tariff, he pays it once and never again during his lifetime does he have to pay it.

Senator COUZENS. As I understand it, he does not have to pay it now.

Senator JONES. He is not any worse off than I was when I built my little house; I know that. Five or ten dollars may have been the increase. Granting that it is increased I think the main object of that tariff, the main effect of it will be what has been said here, that it will stabilize the industry, furnish a more steady market, and instead of an increased price, that will be the result of it.

Senator THOMAS. What use is being made of cut-over land?

Senator JONES. Generally there is not very much use being made of it. There are some parts on the west side of the mountains where

the forest has been taken down that it is being farmed. It furnishes wonderful dairy land and when you get rid of those big stumps it is wonderfully productive; a great deal of it is. For reforestation, going back to forest, there is a great deal of the land that has been forest that practically nothing is being done with it because it is an expensive proposition to clear that land of stumps.

I want to say that we appreciate very much indeed the kindness of the chairman and the consideration that he and the members of the committee have given us and the patience with which they have heard us.

STATEMENT OF HON. FREDERICK STEIWER, UNITED STATES SENATOR FROM THE STATE OF OREGON

[Including shingles, par. 403]

Senator STEIWER. With the indulgence of the committee I would like to be heard just a minute. I do not want to make an extended statement.

It is difficult for a man from the Northwest to be brief in the presentation of the question involved in a proposition for tariffs on shingles and lumber. I will be brief because I know that the coast branches of the industry will be represented here if they are not already, and their technical arguments will be made.

I have in my hand a limited number of resolutions that I should like to have printed in the record. One is the resolution of the Portland Employees Wood Promotion Committee. The other is a memorial of the Legislature of the State of Washington, and the third is really a written statement prepared and submitted to me by certain of the lumber and shingle producers.

Senator COUZENS. That will be put in the record.

Senator STEIWER. I shall appreciate it if these may be extended in the record.

I have in addition to that much material that I will file with the clerk of the committee nearly 200 telegrams. I think it would extend your record unduly to print this material and it is not necessary, and if I may file it with the committee I will be very glad, indeed, if the committee in giving your final study to the matter would just note the extent to which this matter is affecting the lumber industry of the extreme Northwest.

Senator THOMAS. If agreeable I suggest you pick out two or three telegrams that might be typical and then make a statement that you are filing so many in support of the proposition.

Senator STEIWER. I shall be glad to comply with the suggestion of the Senator and to do that later after I examine them, and will then hand to the clerk of the committee those I think best present the question.

As far as my own statement is concerned I will limit it to the thoughts that come from my own experience, which may not be in the fullest sense developed by the witnesses who appear before the committee.

The members of the committee know that in the land-grant States a very large proportion of the total acreage in area is held by the United States Government in one form or another. In Oregon there is a very great holding in the reserves which are now called the

national forest. In others of the Western States there is a very large public domain of vacant uncultivated land. We have in Oregon, in addition to these classes of lands, large areas in the Indian reserves and some considerable area in the national parks. In the total area thus held from State sovereignty there is about 50 per cent of the entire State. There are States in the West where the condition is even more drastically difficult than that in Oregon. All of the 11 Western States are very seriously affected by that condition which exists.

I do not come here in a tariff hearing to protest against that condition. It is one that if it is ever to be dealt with it will have to be taken up probably by other legislation, but I mention it as a fact for the committee's attention or consideration, that the State of Oregon does not have sovereignty over one-half of her area to the extent that most of the other States of the Union enjoy sovereignty. Specifically, we lack the power of taxation. Although we lack that power of taxation the law of the land imposes on the State the duty of the enforcement of the law and the duty of carrying on functions of government as to the Federal-owned and controlled area as well as the rest.

The result is that try as we may we do not find it possible by the most frugal means to cut down taxation on our privately owned timber. More than that the Government is selling some timber to the national forest organizations from the national forest. They sell their timber on a pay as you enter basis, that is to say, you make a stumpage contract with the national forest, you make a down payment of a certain amount, and then pay as you cut and remove the stumpage from then on. The commodity that you buy remains on the land as stumpage until it is cut and is tax free. Usually it is cut and removed during the course of the year that it escapes the power of the State or local agency to levy any taxes and remains tax free. Thus, what ought to be a great asset to the Western States becomes a rather empty rather than a real or substantial benefit to the people, and we are confronted with the problem of placing a high tax rate upon privately owned timber and then have the United States in competition with private timber owners selling tax free and interest free and on a down payment basis that the private owner can not hope to compete with.

Senator COUZENS. You do not take that into account when the Government fixes the price?

Senator STEIWER. No. The Government timber usually brings a better price than private timber. It is sold on bid.

Senator COUZENS. They do not get as much for Government owned timber as private?

Senator STEIWER. They get more.

Senator COUZENS. Then that must give the private owners a chance to compete if the Government get a higher price than the private?

Senator STEIWER. I would not say that. It equalizes itself. I say the Government gets more but the lessened cost to the purchaser still enables him to compete with the private owner of timber, and to a large extent he does compete, although so far up to this time the main development in the Northwest, the States of Oregon, Washington, and Idaho, has been private development as distinguished

from development of Government land. There is a big operation starting in southeastern Oregon now, an important operation in the pine belt that I am not alluding to in this discussion because the timber situation that is most vitally affected by these conditions is not in the pine belt. It is the soft wood, Douglas fir, hemlock, spruce area over on the west coast.

Senator WALSH. Why can not you by law provide that when the Government makes these sales of timber it should collect the tax and transmit it to the State?

Senator STEIWER. That suggestion involves a possible constitutional question of which I believe you could judge.

Senator WALSH. Include it in the purchase price.

Senator STEIWER. I think possibly that could be done. The answer that has been made to the same suggestions heretofore along that general line is that you are seeking to put a tax on Government property and the proposal has therefore been defeated.

If I may continue, the result of high taxes on an acreage that has to be harvested once in a very long period, of course is obvious to the business experience of you gentlemen of the committee. The taxes merely accumulate. There is no income from the land—three actual cuttings of timber with which to pay the taxes, which merely accumulates just as interest compounds, and land that was originally cheap land has now become a very, very dear investment. High taxes, a relatively higher wage scale, a higher transportation cost, both by rail and by sea, our costs by sea being higher than the British cost, the Canadian cost, from Canada, by reason of the expense by our coastwise shipping waters. These costs all tend to increase the cost both of stumpage and of lumber, and the result is reflected by the very serious inroads in our market from the Canadian timber.

Right now our farming industry, our wood industry, is most seriously affected by the present slump in the grain market. If you gentlemen had asked me, up to the last three or four months, which industry had suffered the most in the Northwest, farming or the timber industry, I do not know how I could have answered that question. It is a very real, serious problem.

Senator WALSH. Do you mean the timber industry or the lumber, the timber itself or the lumber itself?

Senator STEIWER. Both. The lumber, if the Senator means stumpage?

Senator WALSH. Yes.

Senator STEIWER. Both the owner and manufacturer. As between the two I think the owner probably is worse off than the manufacturer. In many cases he is the same person, the same company, and where it is the same company I think in those cases the company suffers more by its ownership than it does in its manufacturing operations, because there are some market conditions when by drastic curtailments the manufacturer has been able to get something like a fair return for lumber.

The Japanese have recently placed a tariff into effect that operates against the interests of Oregon and Washington producers. It operates especially against spruce and against some of the other lumber products of the Northwest. I protested that tariff to our State Department on the ground that it was discrimination against the American lumber and in violation of our favored nation treaty

clause, our commercial treaties with the Japanese Government. The Japanese people in their wisdom did not assent to the protest that was made, took a different view, and are putting their tariff into effect. We have not yet had full opportunity to note what that will do to the northwest lumber industry, but I am certain that cuts down part of the market. We think it enables us to dispose of part of our surplus but every curtailment of volume means that much addition to the cost of the operation, and I want to insist as seriously as I can to the committee that there is a really serious question involved, and without arguing at length I ask the committee to give most careful consideration to the evidence that comes from the people engaged in the trade, because I sincerely believe that there is a continuing reason to equalize the cost of production in our lumber and shingle industry in the Northwest.

Senator COUZENS. Are Washington and Oregon in agreement?

Senator STEIWER. Substantially. There is disagreement that I ought in full truth to refer to because I do not want to deceive the committee. We have in both States, as I have in my State, some timber owners and some large producers who also have heavy interests in Canada, and I have found that wherever a timber producer in Oregon also is interested in Canada, that he is not in favor of the tariff. That opposition, and I say that with all respect to those people—they are just as good as the rest of us, but their business interests are not quite identical—that opposition is not a fair opposition. I know of three or four instances where Oregon timber men have taken such a position on lumber and shingles and say, "We have big holdings in Oregon; we are not afraid of Canadian competition; we think there should be no tariff." In those cases where my attention has been called to it, the people who buy Oregon timber, and I am thinking now of over in eastern Oregon, large mills, an important industry at Bend in eastern Oregon, in both of these cases and one other I think of, the timber holdings in Oregon are in the pine belt. They have no red cedar, no hemlock, spruce, or Douglas fir in Oregon; therefore, all the Oregon interests are not affected by the Canadian importations very seriously, and for that reason I think their voice ought not to be the controlling voice, and with the fullest desire that they be prosperous along with everybody else, it seems to me the proper course for the committee in considering this matter is to consider the interests of those investors who hold the softwoods in Oregon and in Washington, and that if you find from the technical information that there is a differential in the cost of production, as I claim there is, that you give consideration to the question of tariff.

I might add one other thought. I see Judge Bennet, of Chicago, and I know of his interest in the pine company in eastern Oregon, which is a pine operation, but I think nevertheless from some of the things I have heard, that after his long study in this matter, his deep interest in the general situation in timber sales, that he nevertheless favors a tariff on timber.

So when I characterized some of the pine people as being opposed to the employment of tariff protection for the timber industry in the northwest, I merely wanted to be understood that I did not intend to include Mr. Bennet. Unless there are some questions I will ask you to excuse me.

(Senator Steiwer submitted the following resolutions and telegrams:)

RESOLUTION

Whereas in the States of Washington and Oregon, in which there is the largest softwood lumber and red-cedar shingle production in the United States, the rate of pay for common labor is about 33¼ per cent higher than for similar labor in British Columbia (see Tariff Commission report, red-cedar shingles, March 2, 1927, Tables 10, 11, and 12); and

Whereas as shown by the above-noted Tariff Commission report, a largely contributing cause of the low common labor wages in British Columbia is the presence in the industry there of large numbers of orientals, who are not permitted in the United States, but with whom Washington and Oregon laborers are compelled to compete through the product into which their cheap labor enters; and

Whereas British Columbia shippers to United States Atlantic coast points have an advantage in freight rates over American shippers on account of being able to use foreign bottoms, whereas American shippers are limited by law to domestic bottoms which cost more to operate, this being protection to the American shipowner which should be extended to the users of the ships, including employers and employees; and

Whereas taxes on timber in British Columbia are very much smaller than in Washington and Oregon; a typical example presented to the Ways and Means Committee of the House of Representatives showing that the taxes for 1928 on a tract of British Columbia timber owned in fee simple, were 1.7 cents per thousand feet, while taxes for 1928 on a tract of similar size in Oregon were 6¼ cents per thousand feet, both tracts being about equally accessible to log markets and approximately equal in value per thousand feet; and

Whereas because of the foregoing cited, lower Canadian costs of production in labor, shipping, and taxes, softwoods and red-cedar shingles along the whole northern border of the United States west of the Mississippi River suffer from Canadian competition, and are therefore entitled to that protection which is a foundation principle of American administration and was subscribed to by both leading parties at the recent presidential election; and

Whereas the United States faces other foreign softwood competition in the near future from Russia, and from Mexico, Nicaragua, and Honduras, lumber, in fact, already being shipped in from these countries, all of which have cheaper stumpage, and lower labor costs and standards of living; and

Whereas the severe competition of other building materials and roofings will effectively prevent any noteworthy increase in the cost of lumber and shingles to the consumer if they are protected from lower-cost foreign competition; and

Whereas stabilization and increase of lumber and shingle prices will not only benefit American workers, and therefore through their enhanced purchasing power, also benefit American business, but will also conserve American forests by enabling producers to market lower grade timber and encourage reforestation; and

Whereas reasonable profits in lumber production will benefit the consumer as it will enable manufacturers to meet the cost of grade and trade marking, certifications of grades and quantities and other guarantees of quality and measurement; and

Whereas the generally understood and accepted rule is that any American industry which has a higher cost of production than that of its foreign competition is entitled to at least sufficient protection to equalize the production cost: Be it therefore

Resolved by the Portland (Oreg.) Employees Wood Promotion Committee, a committee representing employees of the logging and lumber manufacturing industry of the Portland and Columbia River district, organized for the purpose of promoting the use and sale of wood products, That a duty that shall accomplish the above-mentioned equalizing of production costs should be placed upon all lumber and lumber products and shingles entering the United States.

PORTLAND EMPLOYEES WOOD PROMOTION COMMITTEE.
PAUL E. BALLOU, *Chairman*.
H. F. WILKINS, *Secretary*.

APRIL 10, 1929.

Senator FREDERICK STEIWER,
Washington, D. C.

DEAR SIR: The undersigned nation-wide distributors of red cedar shingles appeal to you for assistance in presenting to the Congress a plea for a tariff on red cedar shingles. You have had this appeal before but the condition of the industry in the States of Washington and Oregon is becoming more serious and more acute with each passing month. The following salient points are presented for your notice:

The production of red cedar shingles is the fifth largest industry in Washington and Oregon, employing directly in the mills 10,000 white Americans, nearly all of them heads of families, and counting an average family as four people there are approximately 40,000 individuals who are directly concerned.

There are approximately 200 shingle mills in Washington and Oregon, representing an investment of more than \$30,000,000 and capable of producing annually a finished product valued at approximately \$30,000,000 if allowed to produce on full time.

We have the men and we have the equipment to produce and the organization to distribute the product of these 200 mills at prices that will permit a fair wage to be paid the workmen and to allow a fair return on the investment, provided the Congress will remove the present discriminatory condition or situation in which it has allowed this industry to be placed, and which can be rectified by the enactment of suitable legislation.

The American red cedar shingle industry has a major and formidable competitor in the British Columbia mills and this competition is slowly but surely stifling the industry in Washington and Oregon. The Canadian mills have the same mechanical efficiency as the American mills and in addition have the decided manufacturing advantage of employing oriental labor. The report of the United States Tariff Commission discloses in its report that oriental labor, chiefly Chinese, is employed to a very large extent in British Columbia shingle mills and oriental and this labor is competing directly with white American labor on almost the entire British Columbia production coming into the United States duty free. The Canadian mills have the advantage of a more favorable tax situation. They have cheaper timber than American mills, and according to the United States Tariff Commission an analysis of these features show that the Canadian mills have a cost advantage over the United States manufacturer of 31 cents per 1,000 shingles.

The tariff on the import of shingles into the United States, was removed in October, 1913, and it is interesting to note the ensuing decline in the American shingle industry, while at the same time the British Columbia mills have made tremendous gains. The following comparative schedule of shingle production is called to your notice.

Shingle production

Year	In British Columbia		Year	In Washington and Oregon	
	Total thousand cut	Per cent gain		Total thousand cut	Per cent loss
1913.....	643,000		1913.....	7,718,000	
1914.....	1,080,000	65	1914.....	7,289,000	5
1915.....	1,895,000	194	1915.....	6,649,949	14
1916.....	1,909,000	195	1916.....	7,211,150	6
1917.....	2,278,000	254	1917.....	7,197,000	7
1918.....	2,584,000	301	1918.....	4,475,491	42
1919.....	2,412,000	273	1919.....	6,514,949	15
1920.....	2,714,000	326	1920.....	5,136,000	33
1921.....	2,260,000	251	1921.....	5,735,650	24
1922.....	2,600,000	302	1922.....	7,152,992	7
1923.....	2,250,000	250	1923.....	7,000,000	9
1924.....	3,400,000	428	1924.....	7,270,000	6

Gains and losses figured from 1913, the year of tariff removal.

It is generally assumed that shingle consumption has decreased, but it will be noted that there is an actual increase of over 26 per cent since the removal of the tariff in 1913.

In conclusion: The present deplorable state of affairs is inconsistent with traditional American policy, and it is unfair, but fortunately is a situation that

can and should be remedied. Tariff on shingles at least equivalent to the present advantage of the Canadian mills should be imposed so that American mills may at least have an even break with foreign competition and thereby enable a very considerable number of good white Americans to earn a decent respectable living according to American standards.

Respectfully submitted.

Gray Lumber & Shingle Co., by E. Gray, president; J. E. Pinkhan Lumber Co., by E. H. Kuke, secretary-manager; Fred A. England Lumber Co., by E. J. Sealey, secretary-treasurer; The C. A. Mauk Lumber Co., by D. D. Baldwin; N. La Vine Lumber Co., by N. La Vine, president; Lloyd Hillman Lumber Co., by L. L. Hillman, president; W. I. Carpenter Lumber Co., by D. W. Carpenter, president; John McMaster Shingle Co., by W. C. McMaster; M. R. Smith Lumber & Shingle Co., by Paul R. Smith; Louisiana Red Cypress Co.; Babcock Angell Lumber Co.; Tree Lumber Co.; West Shore Lumber Co.; Seattle Cedar Lumber Manufacturing Co., by D. O. D. Black, treasurer.

[Telegram]

ASTORIA, OREG., June 13, 1929.

HON. FREDERICK STEIWER,
United States Senate, Washington, D. C.:

Understand hearing tariff on Canadian lumber will soon be up before Senate investigating committee. Can not too strongly urge your support of Northwest industry and labor by equitable tariff Canadian lumber to compensate for low water rates, favorable stumpage, and oriental competition in favor Canadians. Northwest mills now running five days per week, some less, and labor paid accordingly. All Northwest interested and will appreciate your support.

W. P. O'BRIEN.

[Telegram]

SALEM, OREG., June 18, 1929.

FREDERICK STEIWER,
United States Senator, Washington, D. C.:

I have the honor to inform you that the Thirty-fifth Legislative Assembly of Oregon now in session has passed the following memorial filed in this office January 17, 1929:

"Senate joint memorial No. 1 to the Honorable Senate and House of Representatives of the United States of America in Congress assembled:

"Whereas the present tariff rates are not adequate to protect the timber industry of the Northwest against foreign competition and it is of vital interest to the people of the State of Oregon that all timber products be fully and adequately protected against destructive foreign competition: Now, therefore, be it

"Resolved by the Senate of the State of Oregon (the House of Representatives jointly concurring therein), that we your memorialists, the senate of the State of Oregon, the house of representatives concurring, respectfully request the Congress of the United States to so revise and increase the tariff rates upon all timber products and their by-products to the end that those great industries of the northwest may be fully and amply protected against destructive foreign competition; and be it further

Resolved, that the secretary of state of the State of Oregon be, and he hereby is, requested to forthwith telegraph a copy of this joint memorial to Hon. W. C. Hawley, Chairman of the Ways and Means Committee of the National Congress, and also to the other individual members of the Oregon delegation in Congress asking their support on behalf of the matters embraced in this memorial adopted by the senate January 16, 1929.

"A. W. NORBLAD,

"President of the Senate.

"Concurred in by the house January 17, 1929.

"R. S. HAMILTON,

"Speaker of the House."

HAL E. HOSS, Secretary of State.

RESOLUTION

Whereas the importation of lumber from foreign countries, duty free, is seriously threatening one of the principal industries of the United States; curtailing production of American lumber and forcing idleness to American labor; and

Whereas those engaged in the lumber industry in the United States can not meet the competition of foreign countries in the markets of the United States by reason of the high standard of American living; and

Whereas curtailment in the industry is being forced by reason of the importation of lumber as above stated; now therefore be it

Resolved, That the Chamber of Commerce of Burns, Harney County, Oreg., appreciating the serious condition confronting the lumber industry of the United States as above stated recommend and urge that a substantial, productive tariff be imposed upon all soft wood lumber coming into the United States from foreign countries.

CHAMBER OF COMMERCE OF BURNS, OREG.,
By A. A. BARDWELL, *President*,
By B. H. SNOWDON, *Secretary*.

CENTRAL PACIFIC LUMBER CO.,
Portland, Oreg., April 19, 1929.

HON. FREDERICK STEIWER,
Senate Office Building, Washington, D. C.

HONORABLE SIR: We have carefully read the briefs in support of the proposed tariff on lumber and the various arguments both for and against it, submitted by the various parties at interest.

To the arguments submitted by those in support of the tariff we can think of nothing that could be added. The best arguments probably in favor of the tariff are those made against it by different groups who are profiting by the importation of cheap lumber. We had no idea that such a volume of lumber and shingles was being imported. Their claim of conservation shows utter lack of knowledge of the timber situation on the Pacific coast, where in the State of Oregon alone, close to two-fifths of the standing fir timber is overripe and rapidly depreciating. We happen to know very well one of the strongest opponents to the proposed tariff measure, who states freely and frankly, when approached with a view of getting him to invest in timber on the Cascade Range, that it is largely defective which means "overripe" and that no profitable operation can be conducted there at the present time. The Cascade Range, as you know contains a very large percentage of the present stand of Douglas fir in both Washington and Oregon. This gentleman is, of course, a large owner and operator in Canadian timber.

Just why all other American manufactured products involving a large percentage of labor should be protected and why lumber manufacturers have gone to sleep and permitted this condition to exist is something that we are unable to explain, especially since the construction of the Panama Canal which moved the heavy stand of cheap British Columbia timber several thousand miles nearer to our Atlantic coast and which was built entirely by our money and through which, as we understand, Canadian lumber, even on Canadian boats, has free passage.

Yours very truly,

CENTRAL PACIFIC LUMBER CO.,
J. F. WALSH, *President*.

[Telegram]

PORTLAND, OREG., *May 8, 1929.*

Senator FREDERICK STEIWER,
United States Senate:

Tariff bill as reported out of House is of no value whatever to Oregon lumbermen. There are large number of cedar mills in State of Washington but none in Oregon. What we want is tariff on Douglas fir and hemlock lumber. We are having the severest kind of competition from Canada, ship after ship leaving British Columbia for New York, Philadelphia, and Boston, which make lower freight rates on account of being foreign ships, while we want to use and have to use American ships from our ports to our own Atlantic coast ports on account of American navigation laws. We are not asking for tariff on pulp and paper. Hope you can have Douglas fir and hemlock lumber included in Senate bill. Kindest regards.

CHAS. E. DANT.

THE C. A. MAUK LUMBER CO.,
Seattle, Wash., January 10, 1929.

HON. FREDERICK STEIWER,
Washington, D. C.:

DEAR SIR: We are appealing to Northwest Congressmen and Senators to lend their assistance and support to secure favorable tariff legislation for the protection of our cedar lumber and shingles. This industry, as you know, is on the verge of bankruptcy and ruination, due to the encroachment of British Columbia manufacturers in the American market, largely through the employment of oriental labor.

Please help us secure the removal of this discrimination against our northwest labor, and one of our most important industries.

Yours truly,

THE C. A. MAUK LUMBER CO.,
D. D. BALDWIN.

PORTLAND, OREG., June 19, 1929.

HON FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

Should good American citizens be compelled to compete with oriental labor or American mills be forced to ship their lumber on American-owned vessels at freight rates ranging from one to four dollars more than the Canadian mills are able to secure by transporting their lumber in foreign bottoms? We do not feel that there is any justice in such a situation, and practically every citizen in the State of Oregon joins us in this opinion. If the timber here in the Northwest is to be harvested and sold at a price which will permit steady operation, it is imperative that a protective tariff be placed on lumber, and we would ask that you do everything in your power to that end.

C. D. JOHNSON LUMBER CO.

PORTLAND, OREG., June 19, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

We hear much about the conservation of timber. The most important feature of timber conservation is for the mill to be able to market their umber at a reasonable price so that the entire log low grades as well as uppers may find sale. With the Canadian mills usurping one of our most important domestic markets and threatening to cut in on others the entire program of conservation is threatened and you can perform a great service for the State you represent by doing everything possible to secure passage of the bill for tariff on lumber.

SHERMAN BROS. LUMBER CO.

PORTLAND, OREG., June 19, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

While we have oriental exclusion law, the product of both sawmills and shingle mills in Canada that are manned by orientals and Hindoos is coming into our domestic markets, especially on the Atlantic coast, and dominating them. Such a situation is in violation of the spirit of the oriental exclusion act and we would urge that you use every possible effort to secure passage of protective tariff on lumber.

LUEDINGHAUS LUMBER CO.

PORTLAND, OREG., June 19, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

Regardless of whether or not the people who have money invested in sawmills, logging equipment, and standing timber are entitled to any protection, the laborers in the fir-producing sections of this State should not be compelled to compete with the Chinese that man most of the mills in Canada. The humanitarian side of a protective tariff for lumber is within itself sufficient to justify its passage, which we urge you to get behind.

J. A. IRWIN CO.

PORTLAND, OREG., June 19, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

Millions of feet of red cedar timber in State of Oregon is suitable only for making shingles. At the rate the Canadian shingle mills are cutting in on the domestic business it will only be a question of a few years until the shingle industry in western Oregon and Washington will be practically eliminated, as it is impossible to operate with American labor and compete with the product of orientals. Please do your best to enact protective legislation.

SHINGLE & LUMBER SALES (INC.).

EUGENE, OREG., June 19, 1929.

HON. FREDERICK STEIWER,
Senate Office Building, Washington, D. C.:

We are advised that Russian lumber is being imported by this country. Our wage cost almost 10 times that of Russian lumber. This competition will force down wages and means eventual ruin to many of our mills, therefore urge that you do utmost secure passage of protective tariff

FIR TIMBER CO.

PORTLAND, OREG., June 19, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

Many thousand of loyal ex-service men who are employed in the lumber industry throughout Oregon and Washington now find themselves working short hours on account of the fact that Canadian mills employing oriental labor are taking the domestic business away from the concerns that are giving them work. There are many angles to this situation which show the injustice of it, but as an ex-service man this one impresses me the most, and I sincerely hope that you are firmly behind the prospective lumber tariff.

MCLEAN LUMBER CO.

PORTLAND, OREG., June 18, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

With millions of dollars invested in standing timber, the most of which ripe and ready to be harvested, calling for steady operation. The mills in Oregon and Washington now find their markets being dominated by the Canadian, who, due to numerous inequalities, can make prices far below those which American mills can meet without serious losses. Production in Oregon forced to run on slow bell, while Canadian mills sell increasing footage on Atlantic coast. Establishment of protective tariff of vital importance to every citizen in the State. Please do your utmost to secure passage.

CLARK & WILSON LUMBER CO.

DALLAS, OREG., June 19, 1929.

Senator FREDERICK STEIWER,
Washington, D. C.:

Because there is no organized effort among lumber manufacturers to further a lumber tariff, it may appear that there is no serious interest, and I wish to assure you that every manufacturer in this State, excepting a few who hold interests in British Columbia, is more vitally interested than can be indicated in a telegram. Best statistics available show industry working 75 per cent normal capacity and majority plants operating five days a week or less, causing considerable hardship on employees.

GEORGE GERLINGER,
Willamette Valley Lumber Co.

PORTLAND, OREG., June 18, 1929.

HON. FREDERICK STEIWER,
Senate Chamber, Washington, D. C.:

The Atlantic coast cargo market, which consumes annually close to 2,000,000,000 feet of fir, is very important to the mills in Oregon. It is not possible to hold that market for American mills as long as the Canadian producers are allowed to ship into this country without paying some sort of a duty, as they are always able to secure a lower freight rate, and the class of labor which they employ being prohibitive to a large extent in this country gives them an added advantage which is hard to overcome, and we feel that you should do everything in your power to put the lumber tariff over.

B. F. JOHNSON LUMBER CO.

(Senator Steiwer has also filed with the committee 103 additional telegrams.)

**LETTER FROM CLARENCE L. BAHR, ATTORNEY AT LAW,
WASHINGTON D. C.**

JUNE 29, 1929.

HON. DAVID I. WALSH,
Member Subcommittee No. 4, Senate Finance Committee,
Washington, D. C.

DEAR SIR: There appears in the record of the hearings in the testimony of Mr. Bratlie before your committee a statement relative to the National Association Against a Lumber, Shingle, and Log Tariff.

* * * * *

We have had in our possession for some time certain documents issued by the lumber industry tariff committee. These documents were issued for the purpose of levying substantial contributions on the industry, to be used in an endeavor to secure a tariff on lumber, logs, and shingles. We had not intended using these documents of the organization of which Mr. Bratlie is a member until he filed the statement referred to.

I happen to be personally employed as attorney for various interests opposed to a tariff on lumber, shingles, and logs, some of which have Canadian interests. I feel that in justice to my clients, I should now file the documents referred to above with a request that you make this letter and these documents a part of the record of the hearings before your committee on the wood schedule.

I might add for the information of your committee that the National Association Against a Tariff on Lumber, Shingles, and Logs was organized merely as a convenience for expressing the views of and collecting facts for interests all over the country who are opposed to a tariff on these items.

Yours very truly,

CLARENCE L. BAHR.

FEBRUARY 12, 1929.

SHEVLIN HIXON Co., Bend, Oreg.

GENTLEMEN: There are about 2,000,000,000 feet of lumber coming into the United States annually from Canada, which pays no duty.

There is also a considerable quantity of lumber now coming into the United States from Russia, which pays no duty.

If we wish to ship lumber into Canada we pay 24 per cent duty on all surfaced lumber.

An effort is being made to have a duty of \$3 per thousand feet placed on all lumber coming into the United States from foreign countries.

In order to raise funds to defray the expense incidental to having a duty imposed on foreign lumber, Mr. Frank H. Lamb, of Hoquiam, Wash., has been induced to give a great deal of time, and also incurred considerable expense in the handling of this matter.

A committee headed by Mr. R. W. Condon have made up a list of mills in the States of Oregon and Washington, and have assessed each mill in proportion to their cut.

We are asking you to contribute \$350.

Please make check payable to R. W. Condon, and return same in the inclosed stamped envelope.

Thanking you in advance, we are,

Your very truly,

DANT & RUSSELL (INC.),
By CHAS. E. DANT.

LUMBER INDUSTRY TARIFF COMMITTEE,
February 16, 1929.

SHEVLIN-HIXON Co.; Bend, Oreg.

GENTLEMEN: We are inclosing copy of a brief filed with the Ways and Means Committee of Congress, asking for a tariff of \$3 per thousand feet on softwood lumber imports. This brief contains facts vitally interesting to lumber men.

If you will read the brief and study the probable results of Russian competition you will see the necessity for immediate action on the part of western lumbermen. Russian competition presents a grave situation to the American lumber interests, especially to western lumbermen, and is far more serious than Canadian competition. We are indeed fortunate that there will be a special session of Congress in April and that this Congress will consider tariff revision. That will afford an opportunity to check certain disaster before it reaches an alarming stage. All know what British Columbia competition has done to the American cedar shingle industry. The distress forced on the American shingle industry is just a small example of what Russian competition, combined with that of the present, is almost certain to do to western lumbering interests.

The Lumber Industry Tariff Committee was ably represented at the wood schedule hearings in Washington January 17 and will be represented at the free list hearings February 20, 21, and 22. We need to use every effort to prevent increased distress to western lumbering interests. You know the meaning of curtailments and low prices, and unless conditions are changed further curtailment of production and still lower prices are an absolute certainty.

Fighting for a tariff necessitates expense. To meet this expense the tariff committee is asking all mills to contribute \$1 for one day for each thousand feet of daily mill capacity. This is asking a small sum compared with the benefit to be received from a tariff. This tariff work is for your own and industry benefit and the tariff committee needs and is entitled to your full support and assistance.

We would like to have you write to your Members of Congress urging them to work and vote for a tariff on softwood lumber. We have an excellent chance to secure the desired tariff, but need your full cooperation and help, and hope to receive your early reply and remittance.

Yours very truly,

R. W. CONDON,
General Chairman of Tariff Committee.CALIFORNIA WHITE AND SUGAR PINE MANUFACTURERS ASSOCIATION,
San Francisco, February 26, 1929.To members: Circular No. 2382.
Subject: Lumber Industry Tariff.

The following letter has been received from Messrs. Dant & Russell (Inc.), and is quoted for your information:

"We are inclosing herewith a brief submitted by Mr. R. W. Condon, which we would like to have you look over.

"We are raising some money to try to put a duty on Canadian lumber, or in fact lumber from all other foreign countries. As you no doubt know, Russia is now putting some lumber into this country.

"Another matter which is becoming very important is, that practically all foreign countries are putting new duties against American lumber. At present Australia has a duty of \$40 per thousand feet on sizes 2½ by 7 and smaller, with \$20 duty on all larger sizes. Japan is putting on new duties and raising her old ones, and if we had the proper representation in Washington, there is no doubt but we could get a fair deal by counterbalancing with duties on their goods. For instance, from Australia beef and wool; from Japan silk and other items.

"I do not know what your association is doing on this question but would be very glad to hear from you in reference to the same."

"BRIEF

"THE TARIFF CHANGE REQUESTED

"The Pacific Northwest lumber industry is interested in paragraph 1700 of the present tariff act, which places lumber on the free list. This industry respectfully asks that what is known as softwood lumber, be removed from the free list,

placed on the dutiable list, and that a specific duty of \$3 per thousand feet board measure on the American valuation plan, be fixed as an import duty on all softwood lumber products, other than cedar lumber—a tariff on which is requested in a separate brief—when imported to the United States.

“There are now no restrictions or prohibitions of any kind limiting the importation of lumber products to the United States markets. The differences in cost of production, including foreign transportation advantages, at present existing between American lumber production and the production of lumber in British Columbia, the principal lumber competitor in the United States market, average approximately the amount requested as a tariff.

“Western lumber producers, who have no foreign mill or timber interests, are practically unanimous in supporting the request for an import duty on softwood lumber, and are aware that a number of American owners of foreign mill and timber interests, and lumber importers, are opposed to a tariff on the importation of lumber products. These American owners of such foreign interests, and lumber importers will no doubt present opposition to a lumber tariff in the guise of farmers, as they have in the past, and will allege a fear of increased cost to the ultimate consumer. American lumbermen ask attention to the fact that low prices to the producer, and price fluctuations, seldom follow to the consumer, and assert that final users of lumber products need have no fear of either high or exorbitant prices on lumber because structural substitutes of the various kinds will and do constantly stand as a perpetual guarantee that fair prices for lumber will be and must be charged in order to prevent composite substitutes from superseding lumber as the leader in building materials.

“Lumber and shingles are the important building materials not now on the protected list. Tariffs on steel, composite roofings, and other structural products have not produced exorbitant prices for those materials, and there is no fair reason to assume that a tariff on lumber will produce excessive prices for lumber products.

“Reliable information has come to western lumbermen that foreign interests will present opposition to the proposed tariffs on softwood lumber and shingles. They ask that the specific interests and reasons of such opponents be carefully ascertained and investigated, and they assert that foreign interests, even though emanating from American citizenship, should not in fairness, be considered in the placement of American tariffs that are intended to protect American labor and American industry, and generally benefit all of the people of the United States.

“REASONS FOR RECOMMENDING A TARIFF ON SOFTWOOD LUMBER

“Western lumbermen are asking for a tariff on softwood lumber for the following reasons:

“To promote the general welfare of all of the people of the United States, and increase American progress and prosperity.

“To give employment to idle American labor which has been very largely forced into much idleness because of the enormous foreign importation of competing lumber products.

“To prevent the forcing of American labor and American manufacture into direct and open competition in United States market with foreign and orientally produced lumber.

“To give at least an equal opportunity to American labor and American manufacturers in the production of American lumber for sale in the markets of the United States.

“To remove existing advantages that are now legislatively afforded foreign lumber production over American lumber.

“To eliminate existent discriminations, handicaps and disadvantages now existent against the production of lumber in the United States.

“To foster, encourage, and increase American business, and American commerce in the United States.

“To protect and preserve American business and American industry, and prevent increased distress to the American lumber industry.

“To carry out and fulfill the pledges and promises of both of the great political parties, which have promised and pledged protection to American labor and American industry, to the end that American labor and American industry may again command the home market, may maintain the American standard of living, and count upon the steady employment in the accustomed fields.

"IMPORTANCE OF THE AMERICAN LUMBER INDUSTRY

"The American lumber industry has a total of more than 20,000 lumber producing plants throughout the Nation; its development began with the settlement of the American Continent, and its future gives every promise of perpetual continuance. Its investment far exceeds a total of more than \$500,000,000, and employment is given to several million workmen. It annually contributes millions to the maintenance of kindred industries, is one of the Nation's heaviest taxpayers, and one of the largest supporters of the transportation systems of our Nation.

"Western lumber mills, which are those most vitally affected because of the lack of tariff on lumber, total more than 1,500 and have an investment of over \$200,000,000. They give employment to fully 200,000 workmen, support a population of more than a million people, and furnish an annual payroll to American labor in excess of \$200,000,000.

"COMPARABLE PRODUCTION COSTS OF COMPETING COUNTRIES

"The principal foreign lumber producing country, competing with American lumber products in the United States at the present, is Canada. From Department of Commerce reports, showing lumber imports it will be noted that Canadian lumber exports to United States markets total more than 98 per cent of all softwood lumber imports. The stumpage value in Canada, and general wages paid, are lower than those paid in the Western lumber industry, oriental labor constitutes 39 per cent of the employees in British Columbia sawmills, and these orientals come into direct and open competition with American labor in the production of lumber products that enter American markets free and which are sold in direct competition with the lumber products of American workmen. Because the present tariff laws of the United States and Canada specially favor Canadian lumber production it may be fairly charged that the orientals of Canada are legislated actual employment preference over American workmen in the production of lumber products for sale in United States markets.

"Department of Commerce reports show softwood lumber imports to United States markets as follows:

Year	Canadian, 1,000 import	Total, 1,000 import	Valuation	Per 1,000 valuation
1925.....	1,717,324	1,734,870	\$50,431,401	\$29.06
1926.....	1,748,938	1,775,505	48,775,818	27.46
1927.....	1,592,971	1,633,785	43,179,785	26.43
1928.....	1,302,004	1,322,380	34,482,308	26.08

"A study of the foregoing table discloses a continual lowering in price, an annual decline in imports, except for 1926, and that Canadian exports to United States markets equal approximately 22 per cent of the production of Northwest lumber mills. The decline in imports and decreased prices imply that the United States lumber market is not only unprofitable to American lumber producers but because of the demoralization of prices and industry conditions the American market is even becoming undesirable to foreign exporters. There can be no question but what foreign importations of lumber and forced American curtailment of lumber production is the precise cause for decreased American mill prices and general American lumber industry distress.

"It is commonly known that retail lumber prices have suffered no decrease in the past several years, and this fact substantiates the claim that low prices to mills, and price fluctuations, do not follow to ultimate consumers.

"Forced American curtailment in lumber production in Northwest lumber mills averaged 15 per cent in 1925, approximately the same in 1926 and 1927, and a fraction more than 20 per cent in 1928.

"The present cost advantage to British Columbia lumber production over American lumber production are:

Average lower labor cost.....	per 1,000 feet.....	\$0.48
Average lower stumpage price.....	do.....	.70
Average lower stumpage tax.....	do.....	.08
Average lower log cost.....	do.....	.43
Total cost advantage favoring British Columbia.....		1.69

"In addition to the above advantages a large amount of Canadian exports have lower transportation rates to American markets than have the Northwest mills. This is due to the American navigation laws, and these lower rates amount to as much as \$2 per thousand feet.

"THE RUSSIAN MENACE

"Russian lumber export to the United States markets is just beginning. Russian timber stands are among the finest in the world, and nationalized. Russian labor receives a total of 40 cents per day as wages, and comparability of Russian production costs with American costs is valueless at present. The timber in Russia was confiscated by the Soviet government from its former owners, and the only item of probable cost comparability is the 40 cents a day Russian wage compared with the \$4 to \$10 per day wage that is paid to American lumber workmen.

"Department of Commerce reports show Russian lumber imports to United States markets as follows:

Year	Total import (feet)	Valuation	Per 1,000 valuation
1925.....	10,000	\$636	\$63.60
1927.....	5,582,000	298,310	53.34
1928.....	20,276,000	447,293	22.06

"It is stated in lumbering import circles that contracts have been consummated for the importation of several hundred million feet of Russian lumber to United States markets during the present year. Positive proof substantiating this claim has not been obtainable, but the increase shown in the foregoing table, and general knowledge of Russian conditions amply justifies the fear of the American lumber industry that the 1929 and subsequent year imports from Russia will be sufficiently large to materially increase the present distress of the American lumber industry.

"American lumbermen know that changes in tariff laws are infrequent, and they realize that unless a lumber tariff is obtained in the coming tariff revision the lumber industry of the United States may be driven to extreme disaster before the period of another revision. They therefore most sincerely ask a careful and earnest consideration of probable future contingencies as well as existant conditions.

"Authorities on the American business outlook assert that Russian exports to the United States presage tremendous disaster to the American lumber industry within the next two years, unless conditions are changed. An official of one of the largest timber owners and manufacturers in the West states his company came into competition with a cargo of Russian lumber that was delivered on the dock in the city of New York at a lower price than it could be produced at the mill of his company. It is therefore evident that the price at which the Russian cargo was sold was at least \$9 under the current American price, as transportation costs alone, according to Forestry Department statistics, average more than \$9 per thousand feet. American lumbermen respectfully submit that competition with Russian lumber products in United States markets is an utter impossibility under existant conditions.

"AMERICAN PAY-ROLL LOSSES

"Forced idleness to Northwest lumber employees during the past four year occasioned wage losses in the State of Washington totaling more than \$100,000,000, decreased American commerce approximately \$400,000,000, and curtailed American business profits fully \$40,000,000. During the same period Oregon wage losses totaled at least \$60,000,000, further curtailed American commerce \$240,000,000 and lessened American business profits \$24,000,000. Figures for other western lumbering States are not available but it is certain wage losses in other states have been enormous, and there can be no question but what the United States Government shared very extensively in these tremendous losses.

"Domestic production of the United States lumber import would give annual employment to 25,000 workmen, afford an additional yearly pay roll of \$40,-

000,000, produce an annual product of the value of \$50,000,000, and support a population of 100,000 people.

"Forced curtailment of mill operations constitutes one of the very large but now necessary items of expense in lumber production. Closing the mills does not affect the continuation of taxes, interest, insurance, watchmen, and other numerous expense items that are impossible of elimination. If American mills were able to operate full time this enormous curtailment expense would be eliminated, and the removal of that one item from production costs would very nearly permit the production of lumber at present mill prices and at a profit to the mills. Curtailment expense may be fairly termed useless waste, but this waste is forced on American mills by foreign competition, and existing discriminatory tariffs.

"INTERESTING LUMBERING DATA

"The total timber stand in the United States as estimated by the Forestry Department is 2,214,000,000,000 feet. Of this amount 27½ per cent is in national forests or belongs to States. In Washington and Oregon over 50 per cent of the standing timber is owned by the Federal Government and the respective States.

"The average annual lumber production in the United States totals approximately 38,000,000,000 feet. Western lumber mills produce about 20,000,000,000 feet each year, and the yearly import of lumber to the United States averages close to 2,000,000,000 feet.

"The present annual timber growth in the United States equals about 35 per cent of the yearly consumption. Experience of timber-growing countries justifies the belief that the United States could, in a short time, be annually producing as much timber as is yearly consumed, but this is an impossible attainment as long as present laws remain discriminatory, force devastation, and prevent reproduction of forest areas.

"The per capita consumption of lumber in the United States in 1925 was 525 feet. For the past five years it has averaged slightly in excess of 300 feet.

"REFORESTATION

"More than 1,626,000 acres were planted to forests in the United States in 1925. Of this total 211,877 acres were planted by the Federal Government, 160,774 acres by the several states, and, 1,254,000 acres by individuals and private corporations. Timber growing has not subsequently increased as it should, and it is plain that the lack of tariff protection to forest products has been the chief retardant to reforestation activities.

"CANADIAN AND UNITED STATES TARIFF POLICIES

"Canada charges an export tax on logs, limits, restricts, and prohibits log exportations to American mills, and charges an import tax as high as 25 per cent ad valorem on lumber products imported to Canadian markets. American lumber and shingles are therefore practically excluded from all Canadian markets.

"The United States charges an import tax on logs but grants free, unrestricted, and unlimited importation of lumber products to all United States markets. American logs are even exported to Canada, manufactured into lumber and shingles in Canadian mills, largely with oriental labor, and the manufactured product then shipped back to the United States for sale in American markets.

"A tariff on lumber products is needed in the United States not only to benefit American labor and American industry but to encourage forest reproduction and prevent other nations, whose laws we can not change, from discriminating against American commerce. Canadian interests certainly have no just cause for complaint. American markets were opened to them in every particular. Even the American log tariff is only reciprocal, and Canada could have had complete lumber reciprocity with the United States, but has chosen to retain her export and import tariffs, to keep the advantages existing by reason of both the United States and Canadian tariff laws, and to maintain her restrictions and embargoes. Canadian interests clamor for free access to United States lumber markets, then rigidly exclude American lumber products from the markets of Canada.

"American lumbermen most respectfully urge that a lumber tariff is necessary and essential to the conservation and preservation of the American lumber industry; that there is no fair, just, or reasonable cause or excuse why such a

tariff should not be granted, and earnestly ask that the tariff requested be imposed to the end that our general welfare may be promoted and that American labor and American industry may have an equal opportunity to manufacture and produce American lumber products for sale in American markets.

"Respectfully submitted.

"R. W. CONDON,
"General Chairman Lumber Industry Tariff Committee."
B. F. SCOTT,
Acting Secretary-Manager.

LUMBER INDUSTRY TARIFF COMMITTEE,
March 1, 1929.

SHEVLIN-HIXON, Co., Bend, Oreg.

GENTLEMEN: Our committee is disappointed in not having heard from you in reply to our letter explaining our intent to make a determined fight for a softwood lumber tariff.

We sent you important information concerning present conditions and future prospects. The fear that a tariff might be imposed on lumber and shingles has prevented expansion of foreign lumber production and decreased lumber imports. All know American tariff revision comes only at infrequent intervals, and if a tariff is not imposed at the coming special session of Congress there will be no opportunity to obtain such a tariff for some 8 to 10 years. If we fail to get a tariff lumber imports are certain to increase.

Foreign importations force American curtailment in production that annually costs western lumbermen millions of dollars. The Russian menace is the most serious ever presented to the American lumber industry. We have an excellent chance to obtain a tariff on softwood lumber, and it would be extremely unwise not to take advantage of the splendid opportunity that is presented.

Our committee is composed of men high in political circles, and that is of value. All of them are capable and successful in business. They recommend and are fighting for a tariff on softwood lumber, but they are by no means the only ones aiding our tariff cause. Our committee members and others are devoting their time, influence, and work without a penny of compensation, and are contributing to the expense fund in exactly the same proportion that you are asked to contribute. We regard the situation as serious and as a question of progress and profits or unfair foreign competition and losses.

I wish you would write me frankly telling whether or not you will aid in our effort. We feel we are entitled to full industry support. You certainly can not wish more foreign competition than the present and should not be content to have importing nations given advantage over home production. We are entitled to better than an even break in our own home markets, and if we fight for it we will get it.

Awaiting your reply and I trust your assistance, I remain,

Yours very truly,

R. W. CONDON, General Chairman.

LUMBER INDUSTRY TARIFF COMMITTEE,
April 4, 1929.

SHEVLIN-HIXON Co., Bend, Oreg.

GENTLEMEN: We have a letter from the United States Department of Commerce of date of March 2, 1929, stating the "396,000,000 feet of Russian timber has been sold to the United States" up to the present date. Other sales will unquestionably be made during the present year. You will surely be interested in this information. It shows the tremendous menace of Russian competition, and evidences the imperative need for a lumber tariff to protect western lumbering interests. No one anticipated such an enormous sale of Russian timber so early in the year, and what the total import for 1929 may be no one can tell.

In view of this serious situation our tariff committee proposes to increase efforts in behalf of a lumber tariff. We ask that you use every effort possible to assist the cause; particularly by writing to your Members of Congress, and others where you think some good may be done. It will help if you will take the matter up with your chamber of commerce and public officials, and ask them to use their influence to secure a lumber tariff.

Increased imports can only mean added curtailment of American production, more close downs for western mills, and increased production costs. With

Russian and Canadian competition it will be impossible to maintain prices, and it is almost certain prices will be lowered. The situation is critical. Fortunately Congress convenes April 15 next. Tariff revision will then be considered, and we will be able to secure the desired tariff if western labor, business, and industry interests will get busy and work to protect western interests, but we must work if we expect to secure the desired tariff.

You certainly see the need for a lumber tariff. Expense in fighting for a tariff is necessary and inevitable. Our committee is thoroughly entitled to your financial support. You are surely willing to do your share. As previously reported, the mills of committee members are contributing in the same proportion (\$1 per thousand feet of daily capacity for one day), that you are asked to contribute, and we are devoting our time to the cause without a penny of pay. We confidently expect both your financial and moral assistance, and await your reply and remittance.

Yours very truly,

R. W. CONDON, *General Chairman.*

STATEMENT OF S. B. GRAY, REPRESENTING THE OLD TOWN CANOE CO., OLD TOWN, ME., AND OTHERS

[Cedar lumber]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Will you state whom you represent?

Mr. GRAY. I am representing the Old Town Canoe Co., of Old Town, Me., and two other companies.

Senator COUZENS. You may proceed.

Mr. GRAY. Mr. Chairman, I come representing an industry that employs 250 men at the present time in making boats and canoes.

Our chief cost is labor, and our second cost is cedar lumber. We are objecting to the tariff on cedar lumber.

Senator WALSH. Do you represent your own industry only, or several other industries?

Mr. GRAY. There are two other industries besides my own in the State. There are many industries that use cedar in boats, but they are very small and they have no organization and are not represented here, so far as I know.

We use two kinds of cedar. In the first place, we use the eastern white cedar which grows in the East only, that is, in New England and the Provinces of New Brunswick and Quebec. That represents about half of our consumption. There is no cedar in pure stands in Maine, and with the decline of the spruce lumber industry there are no mills of that kind, and there is no cedar being cut there in any volume. So we are obliged to go to Canada to get it. No other cedar will take the place of that white cedar. So, under this provision, we would have to pay a duty on that raw material.

Senator COUZENS. Is there any tax on it now?

Mr. GARY. No. There never has been.

Senator COUZENS. The House bill put on what rate?

Mr. GRAY. Twenty-five per cent, a tax of 25 per cent on cedar lumber. It never was contemplated in the bill to have cedar lumber in the East included. There never was any request to include cedar lumber.

Senator COUZENS. You would just add that tax onto the price to the consumer?

Mr. GRAY. I doubt if we could do it, because we are in competition with various other kinds of water craft, some of the manufacturers using cypress and some using pine. I do not know what would be the result.

We also use western red cedar to the extent of about 200,000 or 300,000 feet a year, and the kind of red cedar we prefer is grown in British Columbia, because it runs more uniform in grain and also is available in edge or vertical grain, which is preferable. We would still have to use the Washington red cedar and pay a duty, which would result in a tax.

I have a brief which I would like to file, Mr. Chairman.

Senator COUZENS. You may file your brief.

(Mr. Gray submitted the following brief:)

BRIEF OF THE OLD TOWN CANOE CO., OLD TOWN, ME.

We are opposed to any duty on cedar lumber.

In the manufacture of "Old Town canoes and boats" we use approximately 500,000 feet of cedar, of which about one half comes from New Brunswick and Quebec, and the other half comes from Washington and British Columbia. It is eastern white cedar we get from eastern Canada and red cedar which we get from the Pacific coast region. All this cedar comes to us as rough lumber; that is, without any dressing or value added beyond minimum cost of primary sawing.

EASTERN WHITE CEDAR

Eastern white cedar does not grow in pure stands. It is found scattered among other species of trees, particularly spruce, pine, and hemlock. Except for a mill of our own we do not know of any mill in Maine which ever sawed only cedar into lumber. This mill went out of operation five years ago when the cutting of logs on the Penobscot River practically ceased as a result of competition from the Pacific coast fir and because the lumber mills were outbid for spruce timber by the pulp mills. In the average run of cedar logs at our mill no more than one log in every five contained a quality of lumber suitable for canoe and boat building, and this quality came from a butt cut running 5 feet to 12 feet long. The balance of this selected log—that is, the top—and the whole of the other four logs were blocked up into 16-inch lengths for shingles. Each summer's run at our mill was of an average duration of 22 weeks, during which time there were sawed about one and one-half or more million feet of cedar logs to obtain 200,000 feet to 300,000 feet of clear cedar.

In 1921, 1922, and 1923 we conducted logging operations in the best available cedar section that we could find tributary to our mill, namely, Grand Lake, Sebocis, township 8, range 7, and surrounding areas. These operations were handled by a wholly owned subsidiary, Carleton Canoe Co. As showing you how little cedar grows in proportion to other loggable species our stumpage bills for the winter of 1921-22 show the following detailed total cut:

	Feet
Spruce.....	2, 118, 940
Cedar.....	822, 560
Pine.....	156, 260
Fir.....	83, 500
Total.....	3, 181, 260

As it appears, we had to cut about 4 feet of all kinds of logs to get 1 foot of cedar log. Out of each foot of cedar log we averaged to obtain less than 20 per cent of clear cedar, or less than 150,000 feet. Thus an operation for logs conducted solely to obtain clear white cedar involving an investment running up to \$100,000 produced less than 150,000 feet of clear cedar valued at about \$7,500. The spruce, pine, and fir were sawed at a rented mill and marketed at prevailing prices, which brought substantial loss because below cost of production on account of west coast competition, a situation which no tariff can correct, as the competition is between States.

After 1923 we discontinued trying to cut our own cedar logs, increased our purchases of lumber in eastern Canada, and now get our whole supply of white cedar there.

Cedar is a tree which matures more slowly than any other softwood tree. We have never been able to get clear cedar from second-growth trees. There are only second-growth trees in the section of the State roughly south of Moosehead Lake. North of this section the timberlands are dominated by pulp mills which

have crowded out practically every sawmill in the State. It is an impossibility for us to get clear white cedar suitable for our uses in the United States at the present time and there is no prospect of our ever being able to do so. To operate reasonably successfully for cedar lumber one must be able to market spruce lumber profitably and as the number of sawmills on the Penobscot River has declined from over 20 about 20 years ago to only 1, operating chiefly for box shooks at the present time, the signs all point to complete cessation of lumber production. Eastern Canada is therefore our only source of supply.

In eastern Canada, chiefly Quebec and north of the Maine border, cutting of white cedar is accomplished by small operators who use portable or semiportable mills located at or close to the cuttings. These operators strip the land and cedar is converted chiefly into telegraph poles, railroad ties, and cedar laths; the latter is a product never made in the eastern United States. We have arrangements with three or four of these small mills to saw clear cedar strips and boards for us. The yearly production of these varies from 100,000 feet to 300,000 feet, but since 1924 we have been able to get our whole supply from this source. Without these sources we do not know where a supply could come from and our search has been earnest and continuous. For certain parts of canoes and boats which we make, white cedar is essential. Trials of many other kinds of woods, including Pacific coast cedars, have produced no substitute. We are as absolutely dependent on eastern white cedar for our product as the automobile factory is dependent on iron for automobiles.

No eastern cedar mill requires protection on clear white cedar lumber and as far as we know there is no mill which saws cedar lumber at all. It is impossible to reconcile this proposed duty on eastern white cedar with the Republican theory of protection to American industry for the reason that no industry is asking for protection on white cedar lumber. That which is designated as tariff protection would become in reality a burdensome tax on the few like ourselves who use this lumber.

WESTERN RED CEDAR

Red cedar lumber commercially graded as "second clear and better" is used by us to about the same extent as white cedar—i. e., 200,000 feet to 300,000 feet yearly. There are no substitutes for either or these woods nor are they for our purposes wholly interchangeable. Each has its designated place in the construction of canoes and boats. Red cedar is particularly desirable because in clear grade it comes in ample commercial quantities in lengths up to 20 feet, in wide widths and various thicknesses. We buy British Columbia in preference to Washington cedar because it is more readily available in vertical or edge grain. It runs uniform in color as compared with great variability in color in Washington red cedar. Every time we get a carload of red cedar from Washington State we are determined not to buy any more and our only purchases in recent years were made on account of inability to get British Columbia red cedar. A tariff on this cedar would not convert us to Washington cedar. It would, on the other hand, add a burden to our industry by obliging us to pay a tax on a particular kind and quality of lumber which is noncompetitive with any lumber in the United States.

There is a broader viewpoint to this proposal that should be taken. To encourage cutting of our forests under the stimulation of a tariff bonus constitutes a nullification of our forest conservation program. Beginning with the first years of President Roosevelt's régime the Federal Government has been nationally supported in its program of forest conservation and preservation. Such a program has benefited by free lumber, a policy which encourages importation and thus lessens cuttings in our own forests. This duty would bring about a change of front, a shutting off of outside supply, and a premium on rapid cutting of our fast-disappearing resources—the discard of conservation and the adoption of destruction. Millions of dollars are spent by the Federal and State Governments to protect our forests from fire. The whole purpose of this stupendous expenditure is weakened when a move like this proposed cedar tariff hampers importation. It might stimulate domestic production to the point of depletion.

This proposal is class legislation—the protection of cedar producers and not all lumber producers. If protection is needed for cedar it is needed for other woods as well, and this direction of reasoning brings immediately to one's view the open door which is maintained for spruce lumber and spruce pulp wood. Each of these forest products is imported in infinitely greater volume than cedar.

This proposal is sectional legislation—an intended boon to a few large mill and land owners in one or two States of the Union at the expense of home builders, farmers, and small industries in all other States of the Union. Cedar goes into house trim, roof and wall coverings, farm buildings, and minor manufacturing.

Finally, there is no unanimity for a tariff even in the locality from which the demand comes. In letter of May 15, 1929, to us Mr. J. W. Bloedel, of Bloedel-Donovan Lumber Mills, Seattle, one of the large cedar operating companies in Washington State, says: "There is no united sentiment on the coast or elsewhere for a duty on shingles, and especially on cedar lumber which is even less justifiable. A 25 per cent ad valorem duty on cedar lumber in clear grades such as is purchased by you will run from \$10 to \$20 per thousand. No protection is needed for such high-priced lumber."

If there were no other compelling objections to this tariff the indisputable inability of the proponents to muster all the cedar producers into a solid front affords sound reason for denying the appeal.

STATEMENT OF LESTER S. CRANE, BANGOR, ME., REPRESENTING MAINE LATH MANUFACTURERS

[Cedar laths, par. 401 (b)]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. State whom you represent.

Mr. CRANE. I represent the lath industries of Maine. Mr. Chairman, I come before you representing the lath manufacturers of the State of Maine, a business that a few years ago amounted to 300,000,000 of laths. Due to the use of substitutes, wall boards, etc., that has now been cut down in the year 1927 to about 185,000,000. Our consumption in 1923 of laths was about 4,000,000,000 in the United States. Of that per centage Canada had about 31 per cent. Last year it was cut down to about 3,000,000,000 laths in the United States. Canada had 46 per cent, leaving us with 54, and in the beginning it was over 60 per cent. So that while we have been suffering from this shortage or competition from substitutes, our Canadian competitors have gained in their percentage of furnishing the supplies while the United States has borne practically the entire shortage.

Senator COUZENS. What is it you want?

Mr. CRANE. We want a tariff. I would like to have this committee recommend a tariff of 25 per cent ad valorem duty on laths of wood.

Senator COUZENS. You have not now that tariff?

Mr. CRANE. No. Cedar laths except Spanish cedar is recommended a 25 per cent duty. We manufacture some cedar laths. Before last year my own concern manufactured about 20,000,000. We manufacture 3,000,000 Spanish cedar laths. I am told by the Forest Service that our cedar is considered Spanish cedar or white cedar. Those laths go to Detroit, Mich., and various markets in Ohio, some in northern New York, and Wisconsin. Our spruce market for my particular concern is in New York. We send our laths down there by sailing vessels. New York is supplied by large quantities of laths from New Brunswick and Nova Scotia, by laths brought down in Norwegian steamers, and in a great many cases when we have them in that New York market they will send steamers with as many as 10,000,000 laths in one steamer, with a tow rate on laths from basal ore of practically 90 cents. A few manufacturers in Maine can ship by water on sailing schooners, paying \$1 to \$1.10. The Canadian mills are buying their stock of lath wood for practically 75 per cent what the Maine stocks of wood are being paid for. Their

labor cost from the best I have been able to get is 28 per cent lower than ours and I have seen figures that throw the 33 per cent below ours.

Senator COUZENS. Did you testify before the House Ways and Means Committee?

Mr. CRANE. I did not. Because of sickness I was unable to be here last week.

Senator COUZENS. Is there a brief filed?

Mr. CRANE. I will file one from Senator Hale this afternoon or to-morrow morning, showing the production of laths in the United States, the consumption of laths in the United States, the imports of laths in the United States, and the percentage they bear to each other.

Senator COUZENS. You may file the brief and incorporate the difference in the cost of production here and abroad.

Mr. CRANE. The cost of production, consumption of laths, and where they come from.

Senator COUZENS. And the cost abroad.

Mr. CRANE. Yes.

Senator THOMAS. Is this the first request for tariff on laths?

Mr. CRANE. Yes.

Senator THOMAS. Who do you represent?

Mr. CRANE. The lumber manufacturers of the State of Maine; the lath manufactures of the State of Maine.

Senator THOMAS. Are you here at their request?

Mr. CRANE. At their request, yes.

Senator THOMAS. Is this request joined in by any other producers of laths?

Mr. CRANE. Yes,

Senator THOMAS. Where from?

Mr. CRANE. Scattered from Washington County to Aroostook County. Washington County is the big county producing them.

Senator COUZENS. In Maine?

Mr. CRANE. Yes.

Senator THOMAS. Just from the State of Maine?

Mr. CRANE. Yes.

Senator THOMAS. Are laths produced in other States besides Maine? I am interested to know that.

Mr. CRANE. I will file figures showing the production of laths in other States. Washington was the biggest—fir, hemlock, spruce laths.

Senator COUZENS. Do all the States agree with your view as far as you know?

Mr. CRANE. As far as I know they do.

Senator COUZENS. You have heard no opposition to that viewpoint?

Mr. CRANE. No; not from the manufacturers. Of course, the market people and other brokers, I do not know.

Senator COUZENS. Do you not know why request has not been made before for a tariff on laths?

Mr. CRANE. I do not know. I had some correspondence with Congressman Nelson last winter, asking him to have a brief filed, and through sickness I had myself and the lack of an organization

of the manufacturers and other reasons, there did not seem to be anybody to make any move.

Senator THOMAS. Is lath a by-product of more than one product?

Mr. CRANE. Lath in Maine at one time, I will say, up to 1914 to 1920, was by practically three mills. To-day the three mills are gone and lath is manufactured with other lines of wood. This wood that is used for the supply is grown in the State and we have had quantities of it. Our area of land cut over will reforest itself and have another crop of wood suitable for cutting into laths in practically 25 years, and will give you a new crop of lath stock. Some balsam is used, but fir and spruce are the chief woods we use. If these are not cut at 25 or 30 years a great many of them die for one reason or another. We have had an infestation of 15,000,000 acres of timber land with the spruce budworm and have suffered a loss of hundreds of millions of spruce in Maine that if it had been harvested at the time it was ripe for such purpose would have been salvaged.

Senator THOMAS. Is the lath business prosperous?

Mr. CRANE. At the present time it is not prosperous.

Senator THOMAS. Is that because of the competition that comes from metal substitutes?

Mr. CRANE. Chiefly because of competition. Our lath manufactures and consumption in the United States for 1928, the Government figures, are not available, but the production of laths in the United States in 1927 shows a consumption of 4,000,000,000 laths. In 1923 there were 4,800,000,000. So the reduction has not been 50 per cent such as we might think it was.

Senator COUZENS. But the importations have increased from Canada?

Mr. CRANE. The consumption of laths is almost entirely from the output in the United States by our manufacturers. The importation does not figure much in it. I might mention to you the fact that 50 per cent of the wood we use to-day in my section is 75 per cent of it bought from the farmers. They will cut it off their wood lots in the wintertime when their farm work is done and in their spare time, which enables them to make a market for his labor and practically every farmer in the State of Maine has on his farm wood lots and this manufactured product makes a market for him to supply his wood. We are buying at the mills 5,000 cords of this wood and 4,000 cords of it will be bought from the farmers.

I will file this table which shows the production of laths in the country by States with my brief.

(The brief referred to is as follows):

BRIEF OF MAINE LATH MANUFACTURERS

To the FINANCE COMMITTEE,
United States Senate, Washington, D. C.

GENTLEMEN: This memoranda is submitted to your committee for its consideration relative to lath manufacturing in the United States, and to bring before your committee pertinent facts showing the exact conditions of that industry at the present time. By reference to reports which are hereinafter set forth, it will be definitely established that the conditions which obtain in Maine are largely similar to the conditions all over the United States.

The lath industry in the United States since 1923 has shown a steady decrease in production, whereas the consumption of laths in the United States has not shown a similar reduction. The decrease of production of laths in the United States is due not to the lack of demand for such product here nor to the shortage

of raw material out of which laths are produced. It is due to the importation into the United States of laths from Canada, which is the chief competitor of the domestic lath industry. Statistics which will be appended to this memoranda as Exhibit A, will show that since 1923 the production of laths in the United States has decreased in a larger proportion than any decrease of demand of that product in the United States could possibly reflect. Therefore, we must assume that some cause is existent, other than that of supply and demand.

This reduction from 1923 in the production of laths is 50 per cent, a decrease of one-half of the total production of laths from 1923 to 1928. The reduction in consumption of laths in the United States in that same given period is 39 per cent; whereas the production of laths in Canada reflected a vast increase in production for said given period, except the year 1928, where a decrease is shown.

However, it is not near the volume shown in the United States, and can be attributed largely in that year to the lack of demand for laths here. The lath manufacturers of the United States can not compete in price with the price of laths produced in Canada. This is for many reasons. Labor in Canadian mills is cheaper than the American mills, and the raw material from which laths are manufactured are cheaper there; laths manufactured in Canada can be shipped to ports in the United States, such as New York, which is the largest market in the United States, cheaper than can the lath manufacturer of Maine ship his finished product to the same market. The Canadian manufacturers ship the greater part of their production in foreign vassels, which can give a cheaper freight rate than American vassels, because of the smaller wages paid to ship hands by foreign vassels. The American manufacturer must ship his products to market by rail or by American vassels, whose freight charges are much higher, due to the higher standard of ages obtainable on American ships. He cannot ship his products in foreign vassels, because foreign vassels, under the shipping laws of the United States are not allowed to load a cargo in a port of the United States to be delivered to another port here. The proportionate differences in wages and raw materials in Canada, as compared to the United States, is approximately 25 per cent less. The greater part of the production of laths in the United States must be shipped by rail, because of the geographical location of the raw materials. The freight rates of the American railroads are greatly in excess of the rates paid by Canadian manufacturers to ship their products to the same markets.

In most shipments of laths, the difference in freight rates between water and rail is approximately 50 to 65 per cent less in favor of the water rates, and as stated above, Canada exports a great part of its lath production by water. That the Canadian manufacturer has greatly encroached upon the American manufacturer by reason of the above inequalities is definitely proven by a recourse to statistics which appear in Exhibit A, appended to this memoranda, showing that in 1923 the American manufacturer of laths supplied 68.9 per cent of the total consumption of laths used in the United States; in 1928 he only supplied 56.6 per cent of the total laths used in America; whereas Canadian manufacturers in 1923 shipped to the United States 31.9 per cent of the total consumption; in 1928 the Canadian manufacturer shipped to this country 44.1 per cent of the laths consumed here. It is clearly shown, therefore, that on the part of the American manufacturer he is steadily losing business, whereas on the part of the Canadian manufacturer he has steadily gained in business. Exhibit A, the last two columns of which are marked "Ratios," show that each year there has been a decrease in supplying laths in the United States by the American manufacturer, as contradistinguished to a proportionate increase each year by the Canadian manufacturer.

The cause for this, it is respectfully submitted, is that the American manufacturer is not being given the same opportunity of competition that the Canadian manufacturer enjoys.

The domestic exportation of laths to other countries is of such small importance, as shown by Exhibit A, that it is not necessary to deal with that subject here. It does not affect, in any manner, the lath industry, because of the small number exported.

The statistics shown in Exhibit A are compiled by the Forest Service, Department of Agriculture, under date of June 20, 1929.

In 1923, the State of Maine produced 173,394,000 laths, and a proportionate production of laths as reflected by the entire production with the United States. In 1927, the lath manufacturers of Maine produced 117,756,000 laths. This is the last year for which statistics have been compiled. These statistics can be verified by reference to Forest Service Bulletin No. 21, issued October, 1927, revised March, 1928.

Conditions in the lath industry have vastly changed during the last 20 years. Laths formerly were manufactured from slabs which were taken from the logs in lumber mills, where large lumber was cut. This does not obtain any longer, as the lumber mills have practically all closed down. Therefore, the lath manufacturer has looked to the small timber for his supply of raw material. Spruce, balsam, fir, and white cedar are all being utilized in the making of laths. In the State of Maine, for the last 10 years, the lath manufacturers have relied principally, for raw material, upon the wood cut by the farmers from their acreage. The cutting of timber by the farmer during the winter months, and thus utilizing his spare time, has been one of steady growth each year for the last 10 years. More small timber has been cut by the farmers in the State of Maine each year, to supply raw material for the lath manufacturers, until to-day the principal source of raw material for the lath manufacturers of Maine is the lath wood furnished by the farmer. This has been a source of great revenue to the farmer, and has helped him to reduce the stumpage upon his holdings into cash. This is particularly helpful to the farmer, as it enables him to realize moneys during the winter months, when he can not turn his crops into cash. The cutting of lath wood by the farmer in the winter enables him to devote time which he could not otherwise utilize; but if he had to market this wood as pulpwood, the timber would have to be cut and peeled in June and July, when the bark peels from the wood.

This is the only season when the bark peels from the wood, and pulpwood is of very little value and of very limited demand unless peeled. The farmers are relying upon this revenue during the winter months, and, if this is denied them, it will work a great hardship. This will be the result if the lath manufacturers of Maine do not receive tariff protection at this time. It has already been shown that they can not hope to compete with the Canadian manufacturer under the present conditions and the lath industry in Maine, and also all over the United States, is rapidly declining. Not only does the lath industry in Maine offer a source of income to the farmer, as has been shown above, but it gives to thousands a means of employment and a daily wage. The mills employ numerous mill hands, who would otherwise have no source of employment, due to the fact that most of the mills for the manufacture of laths are located in small communities, where there is no other industry, and large industries could not thrive. Should the lath manufacturer be forced to close down, there is no other industry which could be started to take the place thereof, due to the secluded districts where lath mills are located.

The farmers who do not benefit by their own acreage, as above set forth, help to cut the acreage on timberlands owned by other interests and in this way employment is furnished to the farmers who are not landholders. If this were not the fact, a great deal of small-sized wood in the lath-wood districts would be destroyed either by natural causes, forest fires or forest parasites, before it would become of a size large enough to be used for saw logs, from which lumber can be sawed. Timberlands in Maine yield practically three cuts of small timber suitable to the manufacture of laths, while in the same time they would yield but one cut sufficient for saw logs, and each of the cuts of small timber equal nearly as many cords per acre as the cuts of large timber. It has been proven that when a given area of our Maine forest has been cut of its virgin growth, it takes many years before this area will naturally reforest, and if the area thus is once reforested with small trees, it would take approximately 100 years for said area to accumulate a growth of trees suitable for saw logs. During this time, there would be many trees that would grow up to a small size and die. Thus the growth they had made would be lost. This lath wood, when cut, affords the smaller-sized trees growing conditions, by allowing the sunlight and winds to get to them. Trees to reach a healthy growth must have sunlight and wind. The cutting of the lath wood enriches the forests and aids in the rapid growth thereof.

A protective tariff on laths imported into the United States would not make the price of this commodity materially higher to the American home builder. The lath manufacturers of the United States are in a position, with their idle mills, to make all the laths necessary for domestic consumption. Statistics compiled by the Forest Service, hereinbefore referred to, state that Maine has available 60 mills for the manufacture of laths, and if these mills were run to capacity, their output would be practically 300,000,000 laths per year, or approximately three times the output for the year of 1927. Today, not more than 30 of these mills

are running, and many of those are only at partial capacity. By such quantity production, the domestic lath manufacturers would be able to make the overhead per thousand laths decrease substantially, and this decrease in the cost of manufacture would materially be reflected in the price to the consumer, and give our manufacturer a fair profit for his commodity, and at the same time give to the domestic home builder laths at the same relative price as the average price for the last five years.

At the hearing before your committee, on this question, I appeared solely on behalf of such manufacturers. Such was the case because the lath industry in Maine is not organized; most of the persons engaged in this industry are in the remote sections of the State, and the industry in the last five years has not been sufficiently lucrative to foster organized effort to better conditions; but this committee may be assured that many owners of mills, mill hands, farmers, and persons dependent upon the manufacture of laths in Maine are depending for their subsistence on the protective tariff which this committee can afford by taking laths of wood off the free list.

Recurring to the above statements, wherein it is shown that domestic lath manufacturers pay 25 per cent more for labor and material than the Canadian manufacturers, not to allude to the increased rates which they must pay for shipment, it is respectfully submitted that a 25 per cent ad valorem tariff rate be imposed, according to American values, at the port of entry upon the importation of foreign laths of wood into the United States. Such would offset the disadvantage under which the domestic lath manufacturer operates in order to keep American labor at its proper standard, and to give the farmer and other persons furnishing raw material their reasonable value. If this were done, the lath industry would thrive in America. Thousands of citizens would be afforded a decent wage and the communities wherein this industry is principal would prosper. The converse will be the result unless such protection is given to the lath manufacturers, and an industry in which many of the States were pioneer and which for many years has supported large communities must perish.

Respectfully submitted on behalf of the Lath Manufacturers of Maine.

LESTER S. CRANE.

EXHIBIT A

United States lath production and consumption, imports, exports, and derived ratios

[Source: Compiled and computed in U. S. Forest Service, June 19, 1929. Production figures from bulletins of the Bureau of the Census, cooperating with the Forest Service. Imports and exports from "Foreign Commerce and Navigation of the United States"]

Year	A. Production		B. Imports of merchandise (free)		C. Domestic exports		D. Apparent consumption		Ratios	
	Quantity	Ratio to 1923	Quantity	Ratio to 1923	Quantity	Quantity	Per capita	A+D	B+D	
	<i>Thousands</i>	<i>Per cent</i>	<i>Thousands</i>	<i>Per cent</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Pieces</i>	<i>Per cent</i>	<i>Per cent</i>	
1923.....	3,328,013	100	1,539,228	100	40,158	4,827,083	43	68.9	31.9	
1924.....	2,961,200	-11	1,675,427	+9	28,824	4,607,803	40	61.3	36.4	
1925.....	3,161,137	-5	1,969,178	+28	26,099	5,104,216	44	61.9	38.6	
1926.....	3,083,130	-7	1,831,623	+19	43,348	4,571,405	42	63.3	37.6	
1927.....	2,372,333	-29	1,704,818	+11	29,240	4,047,911	34	58.6	42.1	
1928.....	1,660,000	-50	1,293,079	-16	21,384	2,931,695	24	50.6	44.1	
Total.....	16,565,613		10,013,353		189,053	28,390,113				
Average.....	2,760,969	-17	1,668,892	+8	31,509	4,398,352	38	63.0	37.9	

¹ In the absence of official record a reduction of 711,000 in 1928 is here assumed, being equal to the reduction in the previous year.

² Preliminary figures. Monthly Summary of Foreign Commerce, December, 1928.

³ Average exports constitute 0.7 per cent of average consumption, a negligible quantity.

MAPLE AND BIRCH LUMBER

[Par. 402]

TESTIMONY OF P. H. MURRAY, GARDNER, MASS., REPRESENTING
NEW ENGLAND FURNITURE MANUFACTURERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Tell us whom you represent.

Mr. MURRAY. I am treasurer of the Winchendon Chair Co., and I represent, in addition to that company, 60 manufacturers of furniture in the New England States and northern New York State.

The latest statistics I have as to the number of employees employed by those manufacturers are for 1925, at which time the number was 10,713, and the total wages paid that year amounted to \$13,628,000. I doubt if either the number of employees or the wages are as high as that now, because the furniture industry in New England has been since that time, and is, in a state of depression.

I desire to confine myself to a discussion of the proposed duty upon birch and maple lumber, as such, and to the phase of it that I believe was not touched upon in the hearings before the House committee, and no reference was made, so far as I have been able to find in the record, to the effect which such a duty would have upon the furniture manufacturing industries in the Northeastern States of the United States.

I presume that was so because perhaps the amount of lumber that we used, compared with the total amount produced in the United States and in the Provinces of Quebec and Ontario is comparatively small in footage, but the consequences of such a tariff to the furniture industry in the Northeastern States would be disastrous. I can say truthfully, Mr. Chairman, that it would seriously injure them all, and I am positive it would ruin many of them. That is because of the peculiar physical or geographical condition that we find ourselves in.

The furniture industry of New England was founded and it grew, based upon the proximity of a plentiful supply of hardwoods that were adaptable to the manufacture of furniture—beech, birch, and maple, principally. No other substitute for furniture wood is in that locality. The only other wood that grows to any extent is pine, and that is not suitable for furniture. Therefore, the furniture industry in those States is absolutely dependent upon a near-by supply of birch and maple principally, for raw material.

The competition of the furniture industries in those States upon the finished product is centralized largely in localities where the competition is available near-by supplies of hardwoods from which their furniture is manufactured. The Middle West furniture industry has the Wisconsin and the Michigan birch and maple to draw from, and the oak of the Middle Atlantic States.

In the South, where a very large furniture industry has grown up in recent years, they have a nearby supply of gum wood to operate with.

We draw from New England into the furniture industry sizable quantities of birch and maple stock for raw material. The supply in New England has been cut off rapidly as the years have gone by,

until to-day there is no growth of birch and maple to speak of in Massachusetts at all, and the growths in New Hampshire and Vermont are now confined to the northern boundaries of those States, close to the Canadian border, and some in Maine, also close to the Canadian border.

A very large part of the lumber that those industries use at the present time, therefore, comes from Canada, duty free.

The class of furniture that we manufacture I should say is almost entirely popular grade furniture, sold at popular prices. It is the furniture that the average furniture buyer buys. Some of it is higher priced than others, but it is not in the class of furniture manufactured by Mr. Irwin, who spoke to the committee this morning.

As a consequence of that, the average percentage of the value of the raw material to the selling, wholesale price of that furniture is about 33½ per cent, from that up to 40 per cent. So that a duty of 15 per cent upon the raw material, if we have to pay it, is equivalent to 5 per cent of our selling values.

Now, it is a lucky manufacturer in furniture, at least in the north-east States, who, in the last five years, has realized a net profit of anything like 5 per cent of his sales—not 5 per cent of his capital, but 5 per cent of his sales. That is what it means to us. We can not stand it.

Likewise, if somebody says, "Do not pay the duty, but get your lumber somewhere else," this is what happens. When we go into the Middle West to get birch and maple, we can not pay the transportation cost on that wood and then ship the furniture back into the markets and compete with our Middle West competitors and live.

So, too, we can not go down into Arkansas and get gumwood and pay the freight on it to New England and northern New York State and manufacture it into furniture and compete with the manufacturer close to the raw material. We have to have a near-by source of this raw material in order to live, and if we do not get it we do not live.

In most of the discussion that I have heard and read here or in the hearings before the Ways and Means Committee in the House everybody has talked about flooring. They have talked about beech, birch, and maple flooring and its relation to the building industry. We are not interested in that.

Our position is a selfish one. We have this big investment in the business, which has been established there, dating back almost to the birth of the country. It is having its troubles living, even under present conditions, and competing with competitors who have grown up nearer to the big markets in the center of the country. We can not afford to have our source of raw material disturbed to any extent and live.

I am positive I voice the sentiments also of the very extensive owners of stumpage in New England, strange to say.

I think one of the biggest operators and owners of New England birch and maple is the Parker-Young Co., and I have seen a letter written by Mr. Brown of that company to the Gardner Chamber of Commerce in which he said he had sent a telegram to Congressman Gibson at the time the hearing was held before the Ways and Means

Committee to the effect that a 15 per cent duty stood him to make a lot of paper profits upon his stumpage, but nevertheless he did not believe in that tariff just the same. He thought in the long run it was a bad thing.

What I am saying to you gentlemen is that this is a selfish proposition with us; I own it.

If the best interests, probably, of the country demand that a duty on birch be placed at 15 per cent, I presume the furniture manufacturers of that corner of the woods have to stand up and take their licking along with it and smile, if that is for the best interests of the country as a whole.

But, of course, we are anxious to live if we can, and we would like to see a means whereby the effect of such a duty would be removed from this raw material upon birch and maple lumber, and nothing else. I think the interests that have to do with flooring, that is, with birch and maple flooring, can take care of the question of comparative wages and freight rates better than we can. I am simply appealing to the committee not to do anything with birch and maple lumber in the way of a duty that is going to ruin us, if it can be helped.

Senator COUZENS. You do not want it on the logs?

Mr. MURRAY. On the lumber. We do not import logs that I know of. The furniture industry is interested in having available birch and maple lumber, the boards. I do not know of any furniture manufacturer who imports or who buys logs at all. There may be some who buy logs and saw them into lumber and then work the lumber into furniture, but I do not know who they are, if there are such.

Senator COUZENS. Then, under your contention, if this duty was imposed, you would have to raise the price on your commodities?

Mr. MURRAY. We can not compete; that is what I am arguing. If this duty was put on, we would not be able to compete, and we would not be able to pass the duty along the way the competing industries in other sections of the country who have near-by supplies of raw materials of their own would be able to do. That would prevent us from putting the duty onto the consumer. We would have to absorb it, and we can not absorb it.

Senator COUZENS. You would not get the advantage in New England of the distant freight rates?

Mr. MURRAY. No; because our natural market for the finished product is around on the north Atlantic coast, in the States in that region, at the present time. But, strange to say, commodity rates are in existence from our competitive markets which permit our competitors to send their finished products into our market as cheap as we can get it there. A manufacturer in Winston-Salem can lay down a carload of chairs in New York City as cheap as we can do it from our part of Massachusetts.

Senator COUZENS. Assuming they would import the logs and the labor was employed in this country to make them up into lumber, would not that be an advantage to the American importer?

Mr. MURRAY. I would say that would be if there is any labor in New England that wants that item out of it, although I do not know whether that could be possibly done or not. Most of the hardwood, as I understand it, is sawn right close to the lumbering operations. It is economical to do it that way, and I guess they all do it. I do not know much about the lumbering business.

Senator THOMAS. How many people does your company employ?

Mr. MURRAY. My company personally employs 125 to 150 men.

Senator THOMAS. How many people are employed by the interests which you represent? You read that number awhile ago, I believe.

Mr. MURRAY. There were 10,713 in 1925.

I would stand corrected on this, if the lumber interests disagree with me, but I think this is a true statement, that, in reference to the question of labor alone, for every man who might be benefited by a duty upon this lumber there are 10 who would be either directly or indirectly injured.

I say that for this reason: It takes, as I understand it, approximately 10 men to fabricate boards into lumber for every 1 man who is employed in the getting out of that lumber. The ratio is just about 10 to 1. A plant employing a hundred men in the manufacture of furniture would be the user of approximately a million feet of lumber a year. I understand that in the lumbering business a 100,000 a day mill will employ about 100 men, and there will be about a hundred men more employed in furnishing that mill with logs.

Senator THOMAS. What section of the bill do you oppose?

Mr. MURRAY. I think it is paragraph 402, in reference to the duty on birch and maple lumber.

Senator THOMAS. Who is asking that this be included in the bill, if you know?

Mr. MURRAY. That will affect, as I understand it, a very limited number of owners of stumpage in Wisconsin. That is hearsay.

Senator THOMAS. What wages are paid in the furniture industry in your section of the country?

Mr. MURRAY. Approximately an average of 50 cents an hour; that would be a fair statement, I think.

Senator THOMAS. Do you sell your output locally, or do you have a market throughout the entire United States?

Mr. MURRAY. No, sir; our market is confined to the Atlantic seaboard, and some of it gets into the Middle Western States, but not much.

Senator THOMAS. Do you export anything?

Mr. MURRAY. We export practically nothing. Once in a while we get a little order from Montreal or Toronto.

Senator THOMAS. Are your furniture factories operating steadily at this time?

Mr. MURRAY. No, sir. The furniture industry in that section of the country has been very badly depressed for three years and has been losing money.

Senator THOMAS. Have rates of wages fallen along with the depression generally?

Mr. MURRAY. Yes; some. I do not believe they have any more than wages have decreased in other industries since the war. But competition for labor with other industries prevents the furniture industry from getting its labor below the going market for labor in those States.

Senator THOMAS. Would you say that the depressed condition of the furniture industry is responsible for any considerable amount of unemployment in that section?

Mr. MURRAY. I would not care to say one way or the other on that, because I have no knowledge. I can say this of my own knowl-

edge, that the number of employees in furniture industries in that section certainly has decreased materially in the last five years. Whether they have been absorbed in the other industries in that locality, or whether they are unemployed, or have left the locality, I can not say. If they have left the locality, I do not know about that. They have certainly left the furniture industry.

Senator THOMAS. Paragraph 402 mentions maple and birch, and then it has a definition, including boards, planks, and so forth. That is intended to refer mainly to the raw material out of which furniture is made?

Mr. MURRAY. Absolutely. That is what I say; as far as I am concerned I have no interest in flooring or anything of that kind.

Senator THOMAS. You are opposed to a tariff on anything that goes into raw material from which furniture is made?

Mr. MURRAY. Yes, sir.

Senator THOMAS. On the other hand, the present law gives you 33½ per cent protection. The House bill proposes to raise that to 40 per cent. Are you opposed to that provision?

Mr. MURRAY. I am not interested one way or another, because I do not believe, with very limited exceptions, it is going to do the furniture industry in that section of the country any good. We are not up against any importations that affect the items that the vast majority of those furniture factories make.

Senator THOMAS. Were you present this morning when one of the witnesses testified that the furniture business was about to be put out of existence because of the importations of foreign furniture?

Mr. MURRAY. I do not remember hearing him say that, but if he did say that, I doubt if that is so, with the exception of specific items. I think that may be true as to what he was talking about, that is, antiques. I do not know anything about them. That probably might be true on bent-wood furniture. It might be true in connection with isolated instances of furniture items, but not upon the items of furniture that are made in the Northeastern States, such as wood-seat chairs, office chairs, post-office equipment, and upholstered chairs on hardwood frames.

Senator THOMAS. He testified that his factories made dining-room, living-room, and bedroom furniture. Do you make that class of furniture?

Mr. MURRAY. That class of furniture is made to a limited extent in New England, but that is what is known as case wood, that is, dining-room suites, and bedroom suites are made in limited quantities up there. What are made extensively are wood chairs and products of that character.

Senator THOMAS. Are you prepared to say that the New England furniture interests would not be benefited by a raise in the present tariff from 33½ per cent to any other per cent?

Mr. MURRAY. I think the furniture interests would be benefited because there are certain items, as I have said, upon which foreign competition does bother some factories. There is no question about that.

Senator COUZENS. There is a considerable amount of bent wood imported from Czechoslovakia?

Mr. MURRAY. As I understand it that is true, and that has been a thorn in the sides of those furniture concerns in that locality who make bent-wood furniture.

Senator COUZENS. You do not use any bent wood?

Mr. MURRAY. Not now. The Heywood-Wakefield Co. at Gardner is a big maker of bent-wood furniture. They, of course, have been protesting against birch and maple lumber as well as some other things.

Senator COUZENS. They would also like a higher tariff on bent wood from Czechoslovakia?

Mr. MURRAY. I imagine Mr. Barnes can speak for himself on that.

STATEMENT OF WILLIAM A. BABITT

(The witness was duly sworn by the chairman of the subcommittee.)

Senator WALSH. What is your business?

Mr. BABITT. I am a timber owner.

Senator WALSH. Where?

Mr. BABITT. Upper Michigan. I also have been a member of wood utilization committees and other lumber activities of the Government, but I am not a Government man at all.

I want to say this about the birch and maple flooring, that our people have no objection whatever to a tariff upon any worked product such as flooring. Our trouble is with the reading of this schedule, with reference to maple and birch, which does not make any separation, apparently, between flooring and rough lumber. The wood turners and lumber people in New York State and in New England—

Senator COUZENS. Will you refer to the exact paragraph you are discussing?

Mr. BABITT. It is in Schedule 4.

Senator COUZENS. Yes; I know that.

Mr. BABITT. The paragraph reads, "Maple and birch, 15 per cent." That is what we are discussing.

But there is no clearance in there, no distinct statement that birch flooring and maple flooring is meant, so we are covered with a 15 per cent proposition in regard to birch and maple logs, and also in regard to flooring.

Now, what we are asking is this. For the last 50 years there has existed between the woodworkers of this country and Canada a sort of understanding by which the wood manufacturers have furnished about 40 per cent of the raw material for the wood turners and woodworkers, a large part of it going also into the chair manufacturing industry.

Senator COUZENS. How do you suggest that the paragraph be changed?

Mr. BABITT. The paragraph should be changed by eliminating that 15 per cent entirely except as it applies to flooring or any other manufactured wood product.

Senator WALSH. Paragraph 402 reads:

Maple (except Japanese maple) and birch: Boards, planks, deals, laths, ceiling, flooring, and other lumber and timber (except logs), 15 per centum ad valorem.

You want the 15 per cent ad valorem stricken out?

Mr. BABITT. Yes, sir.

Senator WALSH. And you want maple, except Japanese maple and birch, boards, planks, deals, laths, ceiling, flooring, and other lumber and timber, except logs, put upon the free list?

Mr. BABITT. We do not want flooring or any other manufactured article on the free list. We are asking to have the raw material come in, which would be rough lumber, dimension stock, the wood turners call it, the same as for the last 50 years.

Senator WALSH. You want the raw material, maple and birch, to come in free, and you want the boards, planks, and so forth, to pay a duty of 15 per cent ad valorem?

Mr. BABITT. The rough lumber we want to come in free.

Senator COUZENS. You had better draft an amendment and put it in the record. We can not tell just what you want. You just draft an amendment to the provision, covering what you want, and submit it to the clerk of the committee.

Mr. BABITT. I will be glad to do that. It is merely that the thing is confused in the text, and it is impossible to separate them.

Senator WALSH. You want flooring taken out anyway?

Mr. BABITT. Yes, sir; or any other American manufactured article.

Senator COUZENS. Planks, boards, and laths are all manufactured, but you want them to come in free?

Mr. BABITT. Yes, sir.

Senator COUZENS. You did not say that. You say in one sentence that those are manufactured articles, and you say you want manufactured articles to pay a tariff, and then in another sentence you say you do not want a tariff on boards and planks.

I think the simplest way to solve the problem is for you to draw an amendment which you think will cover the question, and we will put that in the record.

Mr. BABITT. I will be very glad to do that.

STATEMENT OF E. R. PLUNKETT, NEW ROCHELLE, N. Y., REPRESENTING HARDWOOD CONSUMERS AND DEALERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Will you state your name, and whom you represent?

Mr. PLUNKETT. My name is E. R. Plunkett, appearing on behalf of the Aeolian Co. New York; Berkey & Gay Furniture Co., Grand Rapids, Mich.; Breece-White Manufacturing Co., Arkansas City, Ark.; and the Carr Lumber Co. Pisgah Forest, N. C..

Senator WALSH. Where is your residence?

Mr. PLUNKETT. I live in New Rochelle, N. Y. I am in the wholesale lumber business there, and I also have personal charge of the lumber requirements of the Aeolian Company. They are one of the largest manufacturers of that kind of material in the East and they have factories in New Jersey, New York State, and Massachusetts. I am here to represent those two concerns, and also two southern sawmill owners, one in Arkansas City, Ark., and one in Pisgah Forest, N. C., both of them making lumber which they are shipping good quantities of into Canada.

Senator WALSH. You are opposed to a tariff on birch and maple?

Mr. PLUNKETT. Yes, sir; I am.

Before I begin I would like to mention one thing; I do not know that it is important, but it is in reference to this Brownley matter which came up yesterday.

We presented a brief to the Ways and Means Committee of the House, and one of the names on our brief was that of the Brownley Co. of Detroit, a lumber company there, whose purchasing agent, according to my understanding, authorized us to add the Brownley Co.'s name. Later Mr. Brownley, the president of the company, repudiated the authorization, and that deprived us of the right to use his name, but the name had gone in.

I want to say in that connection that in my brief I am listing two or three hundred names, largely consumers of lumber, some Southern sawmill manufacturers, and to the best of my knowledge and belief and in most cases to my own personal knowledge, they are actively opposed to the duty on lumber coming in here.

I am the only person who has appeared before you, I think, in favor of free lumber, and I would like to answer some of the arguments that have been brought out in favor of a duty.

Mr. Bennett has been the principal witness before you, and one of the principal positions he takes in opposition to free lumber is the fact that Canadian producing points have a freight rate advantage over American producers, or producers of birch and maple.

He states that one reason for that is that the Canadian railroads did not advance freight rates during and after the war, as our railroads did.

My brief contains sworn freight rates from the different producing centers to the different consuming centers, and I think in all cases you will find that Canadian railroads followed right along with similar increases. As a matter of fact, the mileage is given in the brief, and you will note that the freight rates on a mileage basis are much higher in Canada than they are in the United States.

A good deal of the argument has come from the Michigan and Wisconsin manufacturers, who have cited particularly that they had been shut out of the New England market by the nearer Canadian hardwood competition. They ask you for tariff legislation that will allow them to take their lumber from Michigan and Wisconsin and sell it in Boston, or in other parts of New England. It would be just as reasonable for a manufacturer in Maine to ask you for a tariff that would let him ship his hardwood lumber from Maine to Oshkosh, Wis.

In many cases we ship and pay more for freight and delivery than the net value of the largest mill amounts to. There is a limit to the distance it can be transported in any amount.

Senator WALSH. In other words, the freight charge on a car of lumber, in some instances, is as much, if not more than the value of the lumber in the car.

Mr. PLUNKETT. Exactly, although that is not true on the average. The higher grades of lumber do not come into that class.

Senator WALSH. It depends upon the distance of the haul.

Mr. PLUNKETT. Yes, sir. The point I am making is that there is a limit to the distance which you can ship hardwood lumber in any quantity, economically.

I claim, and I think I am supported by the facts in my brief; I will not try to give any particular instances in my oral testimony—but I claim that if you take any consuming center in the United States of hardwood lumber, and then take the natural source of supply from the United States and from Canada to that point, in

each and every case the United States producers have a freight advantage.

A man in Boston naturally would not go to Michigan and Wisconsin to buy maple and birch lumber, except in some special instances. You would go to Maine, to New Hampshire, to Vermont and New York State and the eastern sections of Canada.

Senator COUZENS. Why should he not go there, instead of Canada?

Mr. PLUNKETT. Why should he not go to Maine or Vermont?

Senator COUZENS. Yes, instead of to Canada.

Mr. PLUNKETT. He should but if it is—

Senator COUZENS. You want the tariff off so he can go to Canada?

Mr. PLUNKETT. Yes, I do. I have a reason for that, or, rather, two reasons. One is for the owner of the lumber industry, and one for the sake of the man who uses it. Perhaps I may mention that as well now as any other time.

I believe the New England wood users can not compete with wood users in other parts of the country unless they can have material enough to supply their demand, which grows, you might say, at their door.

If you shut out Canadian lumber it is going to raise the price of birch and maple because a duty on birch and maple is a duty on Canadian hard wood. That is what it really amounts to.

If the consumers price is raised he can not compete with a man in the South who now is shipping lumber to Canada, exporting it in quantities twice as great as we are importing, and who, by reason of this tariff would be deprived of his market in Canada. I do not believe these lumber men can expect that the duty on Canadian hard wood—

Senator WALSH. Have you the figures showing the imports of lumber from the United States to Canada and the exports from Canada to the United States?

Mr. PLUNKETT. Yes, sir.

Senator WALSH. What are they?

Mr. PLUNKETT. The exports from Canada were 55,000,000 feet of hardwood, and our total hardwood production here is about 6,000,000,000 feet, so that is less than 1 per cent of our total hardwood production. We exported to Canada last year about 120,000,000 feet, or 106,000,000 feet—it was 120,000,000 feet in one year and 106,000,000 feet in the other year.

Senator COUZENS. Is that all contained in your brief?

Mr. PLUNKETT. Yes, sir. But we export to Canada about twice as much of the hardwood lumber as we get from her. That is the position of these southern men whom I represent and my own position.

While we buy lumber in Canada and bring it here and want it to be brought in free, the principal part of our trade with Canada is the exportation of southern hardwood lumber to Canada.

The other disadvantage that Mr. Bennett has claimed that the United States producers are working under is costs. In the brief before the Ways and Means Committee there were some actual figures of wage scales paid to laborers and skilled production lumbermen on both sides of the line.

Senator WALSH. Which brief is that? Is that in a brief, or in the report of the Tariff Commission?

Mr. PLUNKETT. I am sorry I can not say, Senator.

Senator WALSH. Is that in your brief of Mr. Bennett's brief?

Mr. PLUNKETT. I think it was our brief.

In addition to that, and believing that the proof of the pudding is in the eating, I am submitting with my brief the sworn statement of a manufacturer in Maine, an American manufacturer, of course, and another American manufacturer who happens to be operating just the other side of the line from that particular point in the State of Maine. They are not over 40 miles apart, and I do not think it can be claimed they are working under different logging conditions. There is no difference, except that one is on one side of the line and the other is on the other side.

That will show there is about \$5 per thousand difference in favor of the United States manufacturer. I mean by that that the Canadian costs are about \$5 more than the American costs.

One thing that has been brought out is the condition of the manufacturing hardwood industry, and the losses that some of the manufacturers have taken.

There is no question but what some of them have taken losses. I do not know just why it is.

I say this, that it would be possible for a lumber manufacturer—and they have mentioned the fact that they are carrying a good deal of stumpage—it would be possible for a manufacturer to buy stumpage enough to last him 50 or 75 years, and cut a half of 1 per cent each year and charge the carrying costs of that stumpage to his sawmill. No doubt he is entitled, probably, as a business proposition, to buy and hold stumpage enough to warrant him in operating his sawmill for a reasonable number of years, but there comes a time when he is speculating in timber; he is not a lumber manufacturer; he is a timber speculator, and, of course, when comparisons of costs have been set up on that basis it does not show the real picture. We have no grievance against timber speculation. But it would not be fair to say you had lost on lumber operations because you had included in your costs the carrying charge of a large amount of timber that was not necessary for a reasonable operation.

Senator COUZENS. I think the test would be the cost of production in Canada and America, not whether a company makes or loses money.

Mr. PLUNKETT. I have covered our cost in my brief.

Senator WALSH. I suppose it is possible for the costs to vary a good deal, depending on how far the logs have to be hauled to the mill?

Mr. PLUNKETT. Yes, sir.

Senator WALSH. So a mill located near the source of supply would be able to manufacture lumber much cheaper than a mill some distance from the source of stumpage?

Mr. PLUNKETT. That is true.

The only other thing I wanted to bring before you was a statement of our exports and imports.

Senator COUZENS. You say that is in the brief?

Mr. PLUNKETT. Yes, it is.

Senator COUZENS. That is all that is necessary.

Mr. PLUNKETT. Very well. I do not think, however, this fact is in the brief. In our exchange of hardwood lumber with Canada, we buy her high-grade lumber. She has a market in England for the low-

grade thick lumber that is bound to be purchased in the manufacture of thick lumber products, so a large portion of the lumber that we may get here we can not manufacture very economically on this side of the line, because the manufacture of so much of that thick lumber, develops a lot of low-grade lumber for which we have no market. We buy high-grade lumber from her, and what we ship to her is low-grade cull lumber, for which our market is not so good.

So I think there is a decided advantage in our present ability to buy from her the better grades, the more difficult grades for us to produce, and sell to her the lower grades of timber and logs.

Senator WALSH. Has she a tariff on lumber?

Mr. PLUNKETT. She has a tariff on lumber, and I want to mention that in fairness to the whole situation. She has a tariff of 25 per cent on flooring.

Senator COUZENS. Why does she put that on and not put a tariff on the other products?

Mr. PLUNKETT. It is a manufactured product.

Senator COUZENS. We have been letting it in free?

Mr. PLUNKETT. Yes. While I am here to ask for free entry of lumber, I believe that, considering the whole situation, we are getting the better end of the deal, as far as the exchange of lumber goes with Canada, and although I can not conscientiously say that we should let her flooring in here free when she has a duty against us. As I see it, any change in tariff legislation might bring about a situation where on the whole we were getting the poorer end of the deal.

Senator WALSH. That is the point the last witness was trying to make, evidently.

Mr. PLUNKETT. Yes, it was. I will not say anything about conservation to you.

Senator WALSH. Have you covered that in your brief?

Mr. PLUNKETT. Yes.

Senator WALSH. Do you disagree with the statements of the witness whom you are answering on that, Mr. Bennett?

Mr. PLUNKETT. Yes, I do, absolutely.

(Mr. Plunkett submitted the following brief:)

**BRIEF OF E. R. PLUNKETT, REPRESENTING PLUNKETT-WEBSTER LUMBER CO.,
NEW ROCHELLE, N. Y., AND OTHERS**

The tariff bill as passed by the House of Representatives carries duties of 15 per cent on birch and maple lumber, including flooring. Probably no duties proposed by this bill are as unsound in theory and as unsupported by the type of evidence which should determine tariff policy.

Witnesses who appeared before the Ways and Means Committee in support of the proposed duty failed to justify their position with any facts, and the reasons advanced by the committee itself in support of the duty in the bill do not correctly state actual conditions. The absurdity of the duty can be in no way better illustrated than by calling attention to the fact that Canada, with tremendous supplies of softwood lumber is notably deficient in hardwoods and is buying from the United States annually an amount almost as great as its entire production. The proposal that we should prevent the pitifully small imports of birch and maple from Canada which serve special uses in some of our wood-using industries, is almost too foolish to require an answer. There is substantial evidence to the effect that our imports consist of birch and maple of high grade and special size in which we are deficient, and that in return we sell to Canada a substantial quantity of lower grade birch and maple of small sizes.

The Ways and Means Committee supported the proposed duty of 15 per cent ad valorem on birch and maple lumber and flooring on the ground that—

1. Many appearances were made asking for a 25 per cent duty.
2. There is vigorous competition across the border.
3. Canadians have, in some cases, a \$5 advantage in freight to Detroit, New York and New England.
4. Competition holds down the market in Chicago and elsewhere.

There is no support for any of these statements; they will not bear examination, and the facts show a situation entirely at variance with them, and the duty if approved will seriously affect American interests.

1. It may be true that there were many appearances in favor of this duty. Three lumbermen did appear in favor of it but domestic hardwood interests also presented a brief opposing the duty; and over two thousand individual lumbermen all over the country (manufacturers, wholesalers, and retailers) have also indicated their opposition. If the matter rests with the lumber industry, sentiment is clearly against the proposed duty. A protest signed by representatives of over 300,000 people in the Middle West has been filed with the Finance Committee on this duty. The duty is opposed by manufacturers and exporters in the South and North alike.

Production of hardwoods:

	Thousand feet
United States, 1927—	
Hardwoods, all species.....	6, 066, 928
Birch and maple.....	1, 100, 788
(Tariff Commission Summary of Tariff Information.)	
Canadian, 1927, all species (largely birch and maple).....	150, 159
(Department of Commerce, Census Bureau.)	
United States exports of hardwoods:	
1927, total hardwoods, all countries.....	407, 356
1927, exports to Canada.....	106, 578
(Department of Commerce, Commerce and Navigation.)	
United States imports of hardwood lumber:	
1927, from Canada (including flooring).....	65, 806
1928, from Canada (including flooring).....	52, 915
(Press memorandum, April 8, 1929, Department of Commerce.)	
United States imports of hardwood flooring:	
1927, flooring from Canada.....	3, 377
1928, flooring from Canada.....	2, 699
(Press memorandum, April 8, 1929, Department of Commerce.)	

From the above it is seen—

1. We export to Canada twice the amount of hardwoods imported from Canada.
2. We import from Canada an amount equal to about 1 per cent of our hardwood production.
3. Our production of birch and maple greatly exceed Canadian production.
4. Canada buys more than one-fourth of our total hardwood exports.
5. There is a marked increase in hardwood exports to Canada and a marked decrease in our imports from Canada. (Department Commerce, press release Mar. 20, 1929.)

There is, moreover, ample evidence that our birch and maple imports consist of sizes which, due to the difference in character of timber, are not and can not be produced in the United States in sufficient quantities to meet the special uses for which they are required. Canadian producers have specialized in thicker sizes of birch and maple which we have not been able to produce in sufficient quantity on account of the fact that the cull or lower grade material developed in this method of manufacture has not been salable in this country, whereas Canada has had an English export market which absorbs it readily. These higher grades in the thicker sizes have been especially desirable material, particularly for the automobile industry and farm implements. On the other hand Canadian wood-using industries which can use birch of smaller size, find it advantageous to import from the United States rather than buy the specialty Canadian stock.

These facts show that not only is competition not vigorous but practically nonexistent since imports serve special purposes which can not be filled by domestic production.

SWORN FREIGHT RATE STATEMENT SHOWS DISADVANTAGE TO CANADIAN PRODUCERS

The committee states further that the Canadians have in some cases a \$5 advantage in freight to Detroit, New York, and New England. This is absolutely untrue. The actual freight rates, as sworn to by disinterested rate experts, between Canadian and American shipping points and American consuming markets are appended hereto; the facts show that on a per mile basis, Canadians are at a 20 per cent disadvantage. (See Exhibit E.)

But the crux of the situation lies in an examination of the relative location of the principal consuming and producing points. In effect, the Wisconsin birch producers say that they are at a substantial freight disadvantage in New England markets as compared with the more favorably located Canadian mills of Quebec. What they do not say is that they are not selling birch in New England at the present time due, not to Canadian competition, but the substantial production of birch lumber by domestic producers in New England. In the Atlantic coast markets, such as Boston, the chief source of supply is New England producing points. (New England produces annually 92,000,000 feet of birch and maple) and the freight rates and distances from these points to Boston are much lower than they are from the nearest Canadian mills. In the Detroit market the Wisconsin producers have a freight advantage over Canadian producers. Obviously, it is unsound to compare Canadian rail rates to Boston with rates from Marinette, Wisconsin; this does not show actual competitive conditions. Briefly stated, the actual facts are that in every consuming market in the United States some American producers, or groups of producers, enjoy freight rate advantages as compared with the nearest and lowest rated Canadian mill, so that it would be more nearly correct to state that the Canadian mills had a freight rate disadvantage of \$5 per thousand than to attribute this advantage to the mills in the United States. (See sworn freight rate statements attached.)

Hardwood lumber is a heavy commodity, and the cost of transportation is a large part of the price paid by the consumer. In many cases the freight on lumber produced by either Canada or the United States exceeds the net value at the mill. As a practical matter, on account of the high cost of freight, given consuming centers are served by relatively nearby producing centers, and we submit that there is not a single consuming center in the United States which from a transportation standpoint is not being served more cheaply by American birch and maple producers than by any Canadian producer. Putting aside the fact that the Michigan and Wisconsin producers have a complete monopoly of the West and Southwest, and taking into consideration the actual freight rates as they exist, we will take two consuming centers in the extreme portions of the territory which they have particularly mentioned, namely, Chicago and Boston. The freight rate from Marinette, Wis., to Chicago is 12½ cents per hundredweight, or approximately \$5 per thousand feet. The lowest freight rate from Canadian hardwood producing points is 34 cents per hundredweight, or approximately \$13.50 per thousand, a difference of \$8.50 in freight rates in favor of the American shipper.¹

The Boston consumer draws his supply of birch and maple lumber from Canada, Maine, Vermont, New Hampshire, New York, and Pennsylvania. An examination of the freight rate table appended hereto shows that the average freight paid by the United States mills serving Boston and environs is about \$9 per thousand, and the average freight paid by Canadian mills serving the same territory is \$13 per thousand. In other words, the United States mills serving Boston and its environs have a \$4 freight advantage.

COMPETITION IN AMERICAN MARKETS

As regards competition holding down the market in Chicago and elsewhere, the absurdity is illustrated by the fact that not more than 1,000,000 feet per year of Canadian birch and maple lumber enters the Chicago market, which undoubtedly consumes 150,000,000 to 200,000,000 feet of hardwoods. Furthermore, prices on this Canadian material are somewhat higher than the prevailing price on the American birch and maple lumber because of the special sizes imported.

¹ This is the rate now in effect from Burks Falls, Ontario, and Huntsville, Ontario, though rates from Quebec producing sections are 42 cents, or \$16.50 per thousand.

COSTS OF PRODUCTION

We submit as Exhibits A and B herewith sworn statements covering the costs of logging, hauling, sawing, and loading birch and maple lumber at two points, one in the United States and one in Canada, which are not more than 40 miles apart. The logging and forest conditions make this comparison as nearly identical as it is possible to do. In neither case has stumpage, overhead, or cost of distribution been included, and it is shown that there is a difference of \$5.19 per thousand feet in favor of the United States mills. The statements appended, which support this statement, are taken from actual books of record and are accurate.

EFFECT OF DUTY

The appended table (Exhibit C) shows the effect of the proposed duty on birch and maple on consumers' prices. Its more important effect, however, will be to seriously cripple important manufacturing enterprises in the New England States. Birch and maple, as it comes from Canada, with the exception of a very negligible amount of flooring, is largely a raw material for American industry, and as such, in the absence of any reason for a protective tariff, should be free.

FOREST CONSERVATION

This brief examination of the reasons advanced by the committee to support its proposed duty clearly demonstrates its unfairness and the lack of any sound basis for a tariff. But the fact which makes the duty positively harmful and contrary to sound public policy is that in Wisconsin, from whence comes this agitation for a tariff, birch forests are already practically exhausted; it is doubtful whether, at the present rate of production, they have sufficient timber to last 10 years. Under such circumstances, it would be pure folly to discourage an opportunity to secure our needs from other sources.

CONCLUSION

Summing up, the entire question resolves itself into this: We export more hardwood to Canada than we import. Canadian imports are a very small fraction of the birch and maple consumption in the United States. They fill a specialty need in special sizes, and their exclusion, or the placing on them of an import duty, would work to the disadvantage of such industries as the furniture industry, the domestic specialty industries, farm machinery and the automobile industry. The Canadian producer is at a disadvantage both from the standpoint of costs of production and freight rates. The competition of this product is not an actual one, as far as American sources of supply are concerned, as is evidenced by the fact that American mills export into Canada and apparently find the business profitable. To shut out this source of necessary raw material would be shortsighted folly, both from the standpoint of our own rapidly diminishing hardwood timber resources and from that of the development of the prosperity of American wood-using industries.

Respectfully submitted.

E. R. PLUNKETT,
Plunkett, Webster Lumber Co., New Rochelle, N. Y.

PARTIAL LIST OF THOSE WHO HAVE EXPRESSED OPPOSITION TO THE 15 PER CENT
DUTY ON BIRCH AND MAPLE LUMBER AND FLOORING

A. Kansas.—Breece-White Manufacturing Co., Arkansas City.

Connecticut.—The East Hartford Lumber & Ladder Co., Hartford; Hotchkiss Bros. Co., Torrington; Capital City Lumber Co., Hartford; Penning Reed Co., Bridgeport; Eastside Lumber Co., Hartford; Hartford Lumber Co., Hartford; Andrews & Poek Co., Hartford; Weathersfield Lumber Co., Wethersfield; Charter Oak Lumber Co., Hartford; Edwin Taylor Lumber Co., Hartford; J. E. Smith & Co. (Inc.), Waterbury; F. S. Bedwell Co., Windsor Locks.

Georgia.—Smith Lumber Co., Savannah; Case-Fowler Lumber Co., Macon; Masee & Felton, Macon.

Illinois.—Vangness Lumber Co., Chicago.

Indiana.—Van Arnam Manufacturing Co., Fort Wayne; Long Knight Lumber Co., Indianapolis; Shafer Hardwood Co., South Bend; Indiana Lumber & Manu-

facturing Co., South Bend; the Hoosier Veneer Co., Indianapolis; the Studebaker Corporation, South Bend.

Kentucky.—Bond-Foley Lumber Co., Bond; Dawkins Lumber Co., Ashland; Dawkins Lumber Co., Royalton; Wood-Mosaic Co., Louisville.

Louisiana.—Jones Lumber Co., Ferriday; Bonita Lumber Co. (Inc.), Bonita; Holloway Sawmill Co., Clayton.

Maine.—Thos. P. Beals Furniture Co., Portland.

Maryland.—Heise & Bruns Mill & Lumber Co., Baltimore.

Massachusetts.—Society for Protection of New Hampshire Forest, Boston; Bay State Upholstering Co, Hyde Park, Boston; Hedstrom-Union Co., Gardner; Weston Co., Boston; Parker & Page Co., East Cambridge; Davenport Peters Co., Boston; Swift Hardwood Lumber Co., Boston; Stafford Co., Readville; Rodney Hunt Machine Co., Orange; Atlantic Lumber Co., Boston; Garfield Fracliek Lumber Co., Charlestown; Wood Co., Charlestown; Heywood-Wakefield Co., Gardner; Curtis Chair Corporation, South Ashburnham; Winchendon Chair Co., Winchendon; Derby & Co., (Inc.), Gardner; Morse & Sons, (Inc.), Athol; Kenney Bros. & Wolkins, Gardner; Jones Hardwood Co., Boston; Tim-Manson Lumber Co., Boston; Thompson Chair Corporation, Baldwinville; Temple Stuart Co., Baldwinville; Waite Chair Co., Baldwinville; S. Bent & Bros., Gardner; Conant Ball & Co., Gardner; Nichols & Stone Co., Gardner; L. B. Ramadell Co., Gardner; Gardner Upholstered Furniture Co., Gardner; Gem Crib & Cradle Co., Gardner; Mahoney Chair Co., Gardner; Chairtown Manufacturing Co., Gardner; Greenwood Associates, Gardner; C. H. Hartshorn (Inc.), Gardner; O'Hearn Manufacturing Co., Gardner; S. K. Pierce & Co., Gardner; F. A. Whitney Carriage Co., Leominster; Whitney Reed Corporation, Leominster; Lambert & Latimer, Leominster; Bourne Hadley Co., Templeton; Marcoullier Bros. Lumber Co. (Inc.), Westfield; Marcoullier Bros., Westfield; Hampden Lumber Co., Springfield; Geo. W. Robins & Son Co., Holyoke; Casper Ranger Lumber Co., Holyoke; J. G. Roy Lumber Co., Holyoke; Ely Lumber Co., Holyoke; Merrick Lumber Co., Holyoke; Holbrook Lumber Co., Holyoke; Franklin County Lumber Co., Greenfield; Burrows & Kenyon (Inc.), Fall River; Sanders Lumber Co., Fall River; M. C. Bailey & Co. (Inc.), Northampton; Frank Dainto Lumber Co., Randolph; Rugg Manufacturing Co., Greenfield; Cookman Lumber Co., Northampton; Cook Borden & Co. (Inc.), Fall River; Alfred Whitney Co., Ashburnham; F. W. Lumbard Co., Ashburnham; White Manufacturing Co., Ashburnham; W. F. Whitney Co., Ashburnham; Athol Table Co., Athol; Brown Bros., Gardner; American Chair Co., Gardner; J. A. Dickerman Co., Gardner; Gardner Reed & Rattan Co., Gardner; Kelly Bros., Gardner; Atlantic Chair Co., Gardner; Standard Manufacturing Co., Gardner; Victor Furniture Co., Gardner; J. A. Dunn Co., Gardner; B. D. Nims, West Springfield; Angers Lumber Co., Springfield; Carlos Lumber Co., Springfield; Merriam-Hall Co., Leominster; W. H. Sawyer Lumber Co., Worcester; Wyman-Allen Lumber Co., Boston; Heywood Wakefield Co., Boston.

Michigan.—Berkey & Gay Furniture Co., Grand Rapids; Leech Lumber Co., Detroit; Widicomb Furniture Co., Grand Rapids; Nichols & Cox Lumber Co., Grand Rapids; Widicomb, John, Co., Grand Rapids; Grand Lodge Chair Co., Grand Lodge; Stickley Bros. Co., Grand Rapids; Coulter Lumber Co., Grand Rapids; Compound & Pyrene Door Co., St. Joseph; Preston Lumber & Manufacturing Co., Benton Harbor; Gunn Furniture Co., Grand Rapids; G. R. Store Equipment Corporation, Grand Rapids; Walter N. Kelley Co., Detroit; Boland Lumber Co., Grand Rapids; Packard Motor Car Co., Detroit; Briggs Manufacturing Co., Detroit; Graham-Paige Motors Corporation, Detroit; Dwight Lumber Co., Detroit; F. M. Sibley Lumber Co., Detroit.

New Hampshire.—French & Heald Co., Milford; McLane Manufacturing Co., Milford; Maine Manufacturing Co., Nashua; Norwood Calif. Co., Keene; Keene Chair Manufacturing Co., Keene; C. L. Russel & Sons, Keene; Sprague-Carlton, Keene; F. L. Carey Chair Manufacturing Co., Keene.

New Jersey.—Heidritter Lumber Co., Elizabeth.

New York.—Oscar Kepplly, New York City; Dunbar Box & Lumber Co. (Inc.), New York City; Taylor & Sons (Inc.), New York City; Moore Bros. (Inc.), New York City; Buckhart, F. C., New York City; North Side Lumber Co. (Inc.), New York City; Rodger & Son, New York City; Herrmann Lumber Co., New York City; Christman, Chas. A. (Inc.), New York City; Crescent Lumber & Panel Corp., New York City; Ichabod T. Williams & Sons, New York City; Brambech Piano Co., New York City; Plunkett-Webster Lumber Co., New York City; Mosson Bros., New York City; N. Y. Piano Manufacturers Association, New York; Aeolian Co., New York; Batavia & N. Y. Wood Working Co.,

Batavia; Steinway & Sons, New York; Palen's Sons, Kingston; Lee Manufacturing Co. (Inc.), Canastota; Morge Bros. Lumber Co., Rochester; Cook & Co., Medina; Rome Box & Lumber Co., Rome; Seneca Falls Rule & Block Co. (Inc.), Seneca Falls; Schwarzwaelder & Co. (Inc.), Chichester; Kalt Lumber Co., New York City; Saulpaugh's Sons, New York; Eckenroth & Son (Inc.), New York; Elmhurst Lumber & Trim Company, Maspeth, L. I.; The Hedden-Clark Lumber Company, New York City; S. A. Cook & Company, Medina; Nellis, Amos & Swift (Inc.), Utica; Swift Hardwood Lumber Co. (Inc.), Utica; Blakeslee, Perrin & Darling, Buffalo; The Kelsey Hardwood Lumber Co., North Tonawanda; Hubbard, Eldredge & Miller (Inc.), Rochester; Hagen Lumber Co. (Inc.), New York City; Kroehler Manufacturing Co., Binghamton; Inspectors Lumber Company, West Chazy.

North Carolina.—Blackwood Lumber Co. (Inc.), East Laport; Carr Lumber Co., Pisgah Forest; Williams & Fulgham Lumber Co., Biltomore; Clinton Lumber Co., Clinton; Cenning & Co., Sylva.

Ohio.—Ritter Lumber Co., Columbus; F. A. Requarth Co., Cleveland; Willys-Overland Co., Toledo; Gebhart Winchet Lumber Co., Toledo; Coffman Manufacturing Co., Washington Courthouse; Brown-Graves Company, Akron; The Daly Lumber Company, Cincinnati; The H. H. Giesy & Brothers Co., Columbus; The Purdy-Ammon Lumber Company, Cincinnati; The Hartzell Industries (Inc.), Piqua; The Gotshall Manufacturing Co., Toledo; The South Side Lumber & Supply Co., Toledo.

Pennsylvania.—Lincoln Furniture Co., Philadelphia; Lancaster Manufacturing Co., Lancaster; The Sikes Co., Philadelphia; Benner Manufacturing Co., Lancaster; Babcock Lumber Co., Lancaster; Mountville Wood Products Co., Mountville; England, Frank A. Co., Philadelphia; Ritter & Bros., Philadelphia; Casten Co. (Inc.), Williamsport; Weaver Piano Co. (Inc.), York; Hellare Furniture Co., York; Enterprise Furniture Co., Glen Rock; Home Furniture Co., York; Smith Woodworking Co., Philadelphia; James H. Billington Co., Philadelphia; Sheip, Henry H. Manufacturing Co., Philadelphia; Tague & Co., Philadelphia; Williamsport Hardwood Lumber Co., Williamsport; Currie & Campbell Philadelphia; Babcock Lumber Co. Pittsburgh.

Rhode Island.—Browne & Sharpe Manufacturing Co., Providence; Bonita Lumber Co. (Inc.), Providence.

South Carolina.—Avery Lumber Co., Sumter; Consolidated Lumber Co., Coward; Coleman Williams, Hardeeville.

Tennessee.—Appalachian Flooring Co., Knoxville; Vestal Lumber & Manufacturing Co., Knoxville; Chavannes Lumber Co., Knoxville; Maples Lumber Co., Knoxville; Rose & Co., Knoxville; Swann & Kopeko, Knoxville; Tennessee Lumber & Manufacturing Co., Knoxville; Riverside Lumber Co., Knoxville; Bellgrade Lumber Co., Memphis; Little River Lumber Co., Townsend.

Vermont.—White River Chair Co., Brattleboro; White Co., North Bennington; Arlington Refrigerator Co., Arlington; Brighton Furniture Co., Island Pond; Roadshoro Chair Co., Roadshoro; Estey Organ Co., Brattleboro; H. T. Cushman Manufacturing Co., North Bennington; Sweat-Comingo Co., Richford; Salisbury Bros., Randolph; Beecher Falls Co., Beecher Falls.

Rhode Island.—Brown & Sharpe Manufacturing Co., Providence; Bonita Lumber Co. (Inc.), Providence.

South Carolina.—Avery Lumber Co., Sumter; Consolidated Lumber Co., Coward; Coleman Williams, Hardeeville.

Tennessee.—Appalachian Flooring Co., Knoxville; Vestal Lumber & Manufacturing Co., Knoxville; Chavannes Lumber Co., Knoxville; Maples Lumber Co., Knoxville; Rose & Co., Knoxville; Swann & Kopecke, Knoxville; Tennessee Lumber & Manufacturing Co., Knoxville; Riverside Lumber Co., Knoxville; Bellgrade Lumber Co., Memphis; Little River Lumber Co., Townsend; United Timber & Lumber Co., Memphis; Moyer-Shafer Hardwood Co., Memphis.

Vermont.—White River Chair Co., Brattleboro; White Co., North Bennington; Arlington Refrigerator Co., Arlington; Brighton Furniture Co., Island Pond; Roadshoro Chair Co., Roadshoro; Estey Organ Co., Brattleboro; H. T. Cushman Manufacturing Co., North Bennington; Sweat-Comingo Co., Richford; Salisbury Bros., Randolph; Beecher Falls Co., Beecher Falls.

EXHIBIT A

PROVINCE OF QUEBEC, CANADA,
District of St. Francis:

I, George M. Stearns, president of Lake Megantic Pulp Co., of Lake Megantic, Quebec, doth depose and say:

That Lake Megantic Pulp Co. during the past five years have sawn into lumber for export to the United States of America about 500,000 feet of birch logs which was cut from their own land.

Last season's cut of 596,540 feet of logs cost the said company \$25.50, exclusive of stumpage, per 1,000 feet delivered at their sawmill; the sawing and piling in their yards costs them \$6.69 per 1,000 feet b. m.

So help me God.

G. M. STEARNS.

Sworn before me at the town of Megantic, this 8th day of the month of June, 1929.

[SEAL.]

D. L. LIPPE.

EXHIBIT B.

DISTRICT OF COLUMBIA, ss:

I, E. R. Plunkett, president of the Plunkett-Webster Lumber Co. (Inc.), of New Rochelle, N. Y., hereby certify that the said Plunkett-Webster Lumber Co. (Inc.), financed entirely a sawmill in Dallas, Me., cutting birch and maple timber during the logging season of 1928-29 from forests not to exceed 20 miles south of the Canadian border line.

I further certify that the said Plunkett-Webster Lumber Co. (Inc.), paid the entire amount of the pay roll necessary to cut, draw, and manufacture the hardwood timber mentioned above and that the total cost of cutting and hauling of logs was \$15 per thousand feet and the total cost of the sawing, piling, and loading into cars was not to exceed \$12 per thousand feet, or the total cost of manufacturing and loading was not to exceed \$27 per thousand feet.

E. R. PLUNKETT.

Subscribed and sworn to before me this 17th day of June, A. D. 1929.

[SEAL.]

PEARLE P. CRAMER, *Notary Public.*

My commission expires October 14, 1933.

EXHIBIT C

Present birch lumber prices, New York, Boston, Philadelphia, Detroit, and Cleveland, showing increased cost to wholesale and retail consumer if proposed 15 per cent ad valorem duty is assessed

	F. o. b. mill price	15 per cent ad valorem duty	Average freight	Wholesale price, duty paid	Retail price, al- lowing 3 1/2 per cent gross over- head	Increased cost per thousand feet to consumer by reason of 15 per cent ad va- lorem duty
BIRCH LUMBER						
1-inch birch, first and seconds or clear qualities.....	\$85.00	\$12.75	\$15.00	\$112.75	\$150.33	\$17.00
1-inch birch, medium or cut- ting-up qualities.....	47.00	7.05	15.00	69.05	92.07	9.41
1 1/2-inch birch, first and sec- onds or clear qualities.....	90.00	13.50	15.00	118.50	157.33	18.00
1 1/2-inch birch, medium or cut- ting-up qualities.....	57.00	8.55	15.00	80.55	104.07	8.07
2-inch birch, first and seconds or clear qualities.....	92.00	13.80	15.00	120.80	161.03	18.37
2-inch birch, medium or cut- ting-up qualities.....	65.00	9.75	15.00	89.75	119.67	13.01
2 1/4-inch birch, first and sec- onds or clear qualities.....	100.00	15.00	15.00	130.00	173.33	20.00
2 1/4-inch birch, medium or cut- ting-up qualities.....	80.00	12.00	15.00	107.00	142.67	16.01
3-inch birch, first and seconds or clear qualities.....	105.00	15.75	15.00	135.75	181.00	21.00
3-inch birch, medium or cut- ting-up qualities.....	85.00	12.75	15.00	112.75	150.34	17.01
4-inch birch, first and seconds or clear qualities.....	120.00	18.00	15.00	153.00	204.00	24.00
4-inch birch, medium or cut- ting-up qualities.....	100.00	15.00	15.00	130.00	173.33	20.00
BIRCH FLOORING						
1 3/8-inch, first grade.....	71.00	10.65	9.00	90.65	120.87	14.20
1 3/8-inch, second grade.....	61.00	9.15	9.00	79.15	105.53	12.20

Present maple lumber prices, New York, Boston, Philadelphia, Detroit, and Cleveland, showing increased cost to wholesale and retail consumer if proposed 15 per cent ad valorem duty is assessed

	F. o. b. mill price	15 per cent ad valorem duty	Average freight	Wholesale price, duty paid	Retail price, al- lowing 3 1/2 per cent gross over- head	Increased cost per thousand feet to consumer by reason of 15 per cent ad va- lorem duty
MAPLE LUMBER						
1-inch maple, first and seconds or clear qualities.....	\$70.00	\$10.50	\$15.00	\$95.50	\$127.33	\$14.00
1-inch maple, medium or cut- ting-up qualities.....	43.00	6.45	15.00	64.45	85.93	8.60
2-inch maple, first and seconds or clear qualities.....	82.00	12.30	15.00	109.30	145.73	16.40
2-inch maple, medium or cut- ting-up qualities.....	62.00	9.30	15.00	86.30	115.07	12.41
3-inch maple, first and seconds or clear qualities.....	105.00	15.75	15.00	135.75	181.00	21.00
3-inch maple, medium or cut- ting-up qualities.....	85.00	12.75	15.00	112.75	150.34	17.01
MAPLE FLOORING						
1 3/8-inch, first grade.....	80.00	12.00	9.00	101.00	134.66	16.00
1 3/8-inch, second grade.....	63.00	9.45	9.00	81.45	108.60	12.60

EXHIBIT D

AFFIDAVIT

DISTRICT OF COLUMBIA, ss:

D. S. Payson, being duly sworn, deposes and says that he is a rate specialist employed by the Traffic Service Corporation, of Washington, D. C., which corporation specializes in studying, analyzing, and interpreting railroad freight rate tariffs, quoting rates, and preparing tabulations of existing freight rates from railroad tariffs that are filed by the railroad companies pursuant to law with the Interstate Commerce Commission, the said services of studying, analyzing, and interpreting tariffs, quoting rates, and preparing tabulations being rendered to anyone desiring same for hire.

That in the prosecution of his duties as rate specialist neither he nor his employer has any interest whatsoever in the purpose for which the said rate and tariff information is to be used.

That he has personally prepared the rate tabulations which are affixed hereto and of which this affidavit is a part, and the purpose for which the information appearing therein is unknown to him.

That the said tabulations show the rates on lumber in carload lots from and to the points appearing therein which are effective and currently in use according to the published tariffs in the files of the Interstate Commerce Commission, and which tariffs are also indicated in said tabulations and by encircled reference marks each rate shown indicates the particular tariff authority therefor. The Interstate Commerce Commission number of each tariff is shown opposite the encircled references at the foot of the rate sheets, each number being connected with or appearing under the heading of "I. C. C. No."

That he has personally prepared said tabulations, has checked and verified of his own personal knowledge each and every rate, and tariff authority therefor.

That for identification purposes said tabulations are marked "Exhibit A," consisting of sheet 1, and "Exhibit B," consisting of sheets 2, 3, and 4.

Affiant further states that all of the information appearing in said tabulations is true and correct according to his best-knowledge and belief.

D. S. PAYSON, *Affiant.*

Subscribed and sworn to before me this 7th day of June, A. D. 1929.

[SEAL.]

BESSIE G. DICKHAUT, *Notary Public.*

My commission expires December 22, 1933.

Rates on lumber (including birch and maple) from typical hardwood lumber producing points in New Hampshire, Vermont, Maine, northern New York, and Pennsylvania to New York City and Boston, Mass.

From—	To—		From—	To—	
	New York City rate	Boston (Mass.) rate		New York City rate	Boston (Mass.) rate
North Stratford, N. H.....	(17) 28	(18) 18½	Glenfield, N. Y.....	(30) 21½	(31) 25
Beecher Falls, Vt.....	(20) 29	(19) 22	Childwolde, N. Y.....	(29) 21½	(31) 23½
Jeffersonville, Vt.....	(21) 26½	(22) 20½	Brandreth, N. Y.....	(29) 21½	(31) 23½
Manchester, Vt.....	(23) 20½	(24) 18½	Tupper Lake, N. Y.....	(29) 21½	(31) 23½
Shirley, Me.....	(26) 33	(25) 24	Sheffield, Pa.....	(32) 23½	(33) 26½
Dallas, Me.....	(27) 34	(28) 27	Kinzua, Pa.....	(32) 23½	(33) 26½
Thendara, N. Y.....	(29) 21½	(31) 23½	Masten, Pa.....	(34) 23½	(33) 26½

TARIFF REFERENCES (BY I. C. C. NO.)

- (17) G. T. I. C. C. 134.
- (18) G. T. I. C. C. 112.
- (19) Me. Cent. I. C. C. C-4050.
- (20) Me. Cent. I. C. C. C-4170.
- (21) C. V. I. C. C. A-6232.
- (22) C. V. I. C. C. A-5931.
- (23) Rut. 5617.
- (24) Rut. 5643.
- (25) B. & A. R. 1133.

- (26) B. & A. R. 971.
- (27) S. R. & R. L. 214.
- (28) S. R. & R. L. 203.
- (29) N. Y. C. 14447.
- (30) N. Y. C. 15233.
- (31) N. Y. C. 15712.
- (32) P. R. R. (G. O.) I. C. C. 14512.
- (33) P. R. R. (G. O.) I. C. C. 14774.
- (34) S. & N. Y. 1144.

Freight rates on lumber (including birch and maple) from typical Canadian hardwood-lumber producing points to typical consuming points in the United States—Chicago and east

[Freight rates in cents per 100 pounds]

From--	To--																	
	Chicago		Detroit		Cleveland		Toledo		Pittsburgh		Cincinnati		Philadelphia		Free lightorage			
	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Boston		New York	
															Rate	Miles	Rate	Miles
Mont Laurier, Quebec.....	(1) 42	1,010	(1) 32	726	(1) 38½	785	(1) 37	784	(1) 36½	871	(1) 42	997	(2) 42½	797	(2) 34	493	(2) 36½	705
Sawyerville, Quebec.....	(1) 43	973	(1) 32½	709	(1) 37½	768	(1) 37½	867	(1) 34	855	(1) 43	1,082	(2) 25½	749	(2) 25	486	(2) 22½	657
Campbellton, New Brunswick.....	(1) 49	1,299	(1) 39	1,015	(1) 43½	1,079	(1) 43½	1,073	(1) 40	1,166	(1) 49	1,288	(3) 40½	924	(3) 31½	801	(3) 38½	928
Burks Falls, Ontario.....	(1) 34	655	(1) 23	371	(1) 30½	447	(1) 29	429	(1) 31½	533	(1) 34	642	(5) 36½	791	(5) 35	725	(5) 36½	699
Huntsville, Ontario.....	(1) 34	630	(1) 23	346	(1) 30½	422	(1) 29	403	(1) 31½	508	(1) 34	617	(5) 36½	766	(5) 35	751	(5) 36½	674
Foss Mill, Ontario.....	(1) 37	736	(1) 26½	452	(1) 33½	527	(1) 32	510	(1) 34	614	(1) 37	725	(5) 36½	875	(5) 35	696	(5) 38½	783

TARIFF REFERENCES

- (1) Canadian Freight Association I. C. C. No. 65.
- (2) Canadian Pacific Ry. I. C. C. E-2288.

- (3) Canadian National Rys. I. C. C. E-191.
- (5) Grand Trunk Ry. I. C. C. 3086.

Freight rates on lumber (including birch and maple) from typical lumber producing points in Wisconsin to typical consuming points in the United States—Chicago and east

[Freight rates in cents per 100 pounds]

From—	To—																	
	Chicago		Detroit		Cleveland		Toledo		Pittsburgh		Cincinnati		Philadelphia		Boston		New York	
	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles
Rhinelanders.....	(4) 25	337	(4) 30½	621	(4) 32	694	(4) 30½	581	(4) 35½	821	(4) 32	646	(6) 42½	1,156	(6) 46½	1,370	(6) 44½	1,243
Green Bay.....	(7) 12½	200	(8) 23½	484	(8) 26½	557	{ (8) 24 (8) 23½ }	444	(8) 29½	684	(8) 29½	509	(9) 39	1,119	(9) 43	1,238	(9) 41	1,108
Elcho.....	(4) 23	311	(4) 30½	595	(4) 30½	668	(4) 30½	555	{ (4) 25½ (4) 35½ }	795	(4) 32	620	(6) 41	1,130	(6) 45	1,349	(6) 43	1,219
Wausau.....	(4) 23	272	(4) 30½	556	(4) 30½	629	(4) 30½	516	(4) 35½	756	(4) 32	581	(6) 41	1,091	(6) 45	1,310	(6) 43	1,180
Ladysmith.....	(4) 25	353	(4) 30½	637	(4) 32	710	(4) 30½	597	(4) 35½	827	(4) 32	662	(6) 42½	1,172	(6) 46½	1,391	(6) 44½	1,261
Schofield.....	(4) 23	319	(4) 30½	603	(4) 30½	676	(4) 30½	563	(4) 35½	803	(4) 32	628	(6) 41	1,138	(6) 45	1,357	(6) 43	1,227
Mellen.....	(4) 25	407	(4) 32	691	(4) 33	764	(4) 32	651	(4) 36½	891	(4) 33	716	(6) 43½	1,226	(6) 47½	1,445	(6) 45½	1,315
Park Falls.....	(4) 25	375	(4) 30½	659	(4) 32	732	(4) 30½	619	(4) 35½	857	(4) 32	684	(6) 42½	1,194	(6) 46½	1,413	(6) 44½	1,283
Oconto.....	(7) 12½	243	(8) 23½	527	(8) 26½	600	{ (8) 24 (8) 23½ }	487	(8) 29½	727	(8) 29½	552	(9) 39	1,082	(9) 43	1,281	(9) 41	1,151
Marinette.....	(7) 12½	262	(8) 23½	546	(8) 26½	619	{ (8) 24 (8) 23½ }	506	(8) 29½	746	(8) 29½	571	(9) 39	1,081	(9) 43	1,300	(9) 41	1,170
White Lake.....	(4) 23	316	(4) 30½	600	30½	673	(4) 30½	560	(4) 35½	800	(4) 32	625	(6) 41	1,135	(6) 45	1,354	(6) 43	1,224

¹ Rate across lake is 19 cents.

TARIFF REFERENCES

- (4) Boyd's I. C. C. A-1700.
- (6) Boyd's I. C. C. A-1939.
- (7) C. & N. W. Ry., I. C. C. 9860.

- (8) Jones I. C. C. 2080.
- (9) Jones I. C. C. 2123.

Rates on lumber (including birch and maple) from typical hardwood lumber shipping points in Michigan to typical consuming points in the United States—Chicago and east

[Freight rates in cents per 100 pounds]

From—	To—																	
	Chicago		Detroit		Cleveland		Toledo		Pittsburgh		Cincinnati		Philadelphia		Boston		New York	
	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles	Rate	Miles
Cadillac.....	(1) 20	231	(1) 18½	218	(1) 22½	389	(1) 19	276	(1) 25½	534	(1) 24½	491	(2) 39	885	(2) 43	1,070	(2) 41	1,011
Bay City.....	(3) 18½	324	(3) 12½	119	(3) 19½	290	(3) 14½	177	(3) 22½	435	(3) 21½	392	(2) 33	886	(2) 37	971	(2) 35	912
Iron Mountain.....	(4) 15½	335	(5) 26	619	(5) 29½	790	(5) 26	677	(5) 33	935	(5) 31	892	(6) 42½	1,286	(6) 46½	1,471	(6) 44½	1,412
Ludington.....	(3) 20	188	(3) 19	247	(3) 24½	418	(3) 19	305	(3) 26½	563	(3) 24½	520	(2) 39	914	(2) 43	1,099	(2) 41	1,040
Manistee.....	(3) 20	197	(3) 19	256	(3) 24½	427	(3) 19	314	(3) 27	572	(3) 24½	529	(2) 39	923	(2) 43	1,108	(2) 41	1,049
Traverse City.....	(3) 21	331	(3) 19	299	(3) 25	470	(3) 19½	357	(3) 28½	615	(3) 26	572	(2) 40½	966	(2) 44½	1,151	(2) 42½	1,092
Menominee.....	(4) 12½	265	(7) 8) 23½	549	(7) 26½	720	(8) 24 (7) 23½	607	(7) 29½	865	(7) 29½	822	(2) 39	1,216	(2) 43	1,401	(2) 41	1,342

TARIFF REFERENCES

- (1) Ann Arbor Rys. I. C. C. A-943.
- (2) Jones I. C. C. 2123.
- (3) P. M. Rys. I. C. C. 4726.
- (4) C. & N. W. I. C. C. 9860.

- (5) Boyd's I. C. C. A-1700.
- (6) Boyd's I. C. C. A-1939.
- (7) Jones I. C. C. 2080.
- (8) Rate across lake is 19 cents.

EXHIBIT E

Rates on lumber (carloads)

[Rates in cents per 100 pounds]

To—	From—								
	Marinette, Wis.			Fossmill, Ontario			Tupper Lake, N. Y.		
	Rate	Miles	Route ¹	Rate	Miles	Route ¹	Rate	Miles	Route ¹
Oshkosh, Wis.....	(5) 10			(7) 44			(6) 53½		
Clinton, Iowa.....	(8) 19			(1) 43½			(2) 52½		
Dubuque, Iowa.....	(8) 19			(1) 43½			(2) 52½		
Washington, D. C.....	(10) 38	923	(²)	(9) 41½	768	(⁴)	(3) 31½	533	(⁹)
Richmond, Va.....	(10) 38	1,039	(³)	(9) 42½	834	(⁴)	(4) 36	649	(⁷)

¹ Reasonably short workable routes.² C. & N. W., Menominee, Mich., Ann Arbor (ferry across Lake Michigan), Ann Arbor R. R., Toledo, Ohio, W. & L. E. Ry., Orville, Ohio, P. R. R., Pittsburgh, Pa., B. & O. R. R. to Washington.³ Same as route ² to Washington, D. C., thence via R. F. & P. R. R. to Richmond.⁴ Canadian National system, Hamilton, Ontario, T. H. & B., Welland, Ontario, Michigan Central R. R., Buffalo, N. Y., P. R. R. to Washington.⁵ Same as route ⁴ to Washington, D. C., thence via R. F. & P. R. R.⁶ N. Y. C. R. R., Utica, N. Y., N. Y. O. & W. Ry., Sidney, N. Y., D & H. Co., Wilkes-Barre, Pa., P. R. R. to Washington.⁷ Same as route ⁶ to Washington, thence via R. F. & P. R. R.

TARIFF AUTHORITY FOR RATES

- (1) G. C. Ransom's I. C. C. 65.
- (2) Sixth class per Curlett's I. C. C. A-149.
- (3) N. Y. C. I. C. C. 1570⁵.
- (4) Sixth class per N. Y. C. I. C. C. 15507.
- (5) Interstate per C. & N. W. I. C. C. 9950, and Intrastate traffic if no lower rate on file with Wisconsin State commission.
- (6) Made 41½ cents sixth class to Milwaukee per Curlett's I. C. C. A-149 plus 9 cents commodity rate beyond per C. & N. W. I. C. C. 9300.
- (7) Made 37 cents commodity rate to Milwaukee per G. C. Ransom's I. C. C. 65, plus 9 cents beyond per C. & N. W. I. C. C. 9890, reduced per Jones's combination Rule I. C. C. U. S. No. 1.
- (8) E. B. Boyd's I. C. C. A-1667 commodity rate.
- (9) G. T. I. C. C. E-79 commodity rate.
- (10) B. T. Jones's I. C. C. 2123.

TARIFF AUTHORITY FOR DISTANCES

C. & N. W. I. C. C. 9301.
 Ann Arbor I. C. C. A-766.
 W. & L. E. Jones's I. C. C. 1332.
 P. R. R. (west) I. C. C. F-2210.
 P. R. R. (east) I. C. C. G0-4040.
 B. & O. (east) I. C. C. 21014.
 R. F. & P. I. C. C. 1459.

Can. Nat. I. C. C. E-191.
 T. H. & B. I. C. C. 325.
 Mich. Cent. I. C. C. 5196.
 N. Y. C. (east) I. C. C. N. Y. C. 13358
 N. Y. O. & W. I. C. C. 9861.
 D. & H. I. C. C. 13731.

ADDITIONAL STATEMENT OF E. R. PLUNKETT

Mr. PLUNKETT. Mr. Bennet has said that the figures I gave you in connection with export and import were rather misleading. I did compare the virgin maple exports of Canada with this country with our total hardwood production and I also mentioned the relative birch and maple that we shipped back. My figures were 12,000,000 feet, but whether 8 or 12 has not much bearing. You know that hardwoods compete with the other. The automobile business I think has been the outstanding example of the ability of the modern manufacturer to adapt his needs to the particular wood which happens to be cheaper at that particular time.

When birch and maple rise in price they turn to elm; when the use of elm brings it above birch and maple he turns to gum. And while the woods are not identical, while their value is not identically the same, the matter of price is the controlling factor in their use in volume of production and one wood does compete with another. When you put a duty on birch and maple it should go on all the hardwoods. There is no birch produced in Canada, but if you put a duty on birch and maple you put a duty on Canadian lumber and I do not think it is looking too far ahead to say if they put a duty on all of their hardwood production they are going to turn to the use of that for themselves and by that same token shut out the lumber that we are now shipping in there, whether it is oak or gum or what not. But if it goes to make furniture or automobile bodies it is hardwood. So far as the lumber industry goes, it is birch.

Just one other thing. I do not know that it is necessary to state it again. This matter of freight rates. The United States does not have an advantage.

Senator COUZENS. That is all in the record.

Mr. PLUNKETT. Mr. Bennet has stated there is a 25 per cent disadvantage—

Senator COUZENS. But it is all in the record, is it not?

Mr. PLUNKETT. Yes, sir.

BRIEF OF THE CHARLES W. LEECH LUMBER CO., DETROIT, MICH., AND OTHERS

This brief is filed in opposition to the proposal made to the Ways and Means Committee that a tariff be imposed on imports of birch and maple lumber and flooring from Canada. The proposed tariff is asked by Mr. W. S. Bennet on behalf of the Northern Hemlock and Hardwood Manufacturers Association of Oshkosh, Wis.; Charles A. Goodman, Marinette, Wis., representing the Maple Flooring Manufacturers Association; and E. J. Jones, of Bradford, Pa., representing the Emporium Forestry Co. The proposal is an astounding one when the facts concerning the remaining stand of hardwood timber, the production, imports, exports, and costs of production in the United States are considered. Even more surprising is the complete absence from the statements filed in support of a tariff of any facts to justify the tariff and the complete ignoring of the fundamental facts of our forest problem. We shall present these facts briefly below together with a short and direct answer to those portions of the testimony offered by the tariff proponents which appear to be material to the question at issue.

THE HARDWOOD FOREST SITUATION

According to an official statement of the United States Forest Service there were in this country in 1920 about 90,700,000,000 feet of standing beech, birch, and maple forest usable for saw timber. (Source: Statistical Bulletin No. 21, U. S. Department of Agriculture, p. 9.) According to this same authority there were about 36,000,000,000 feet of birch, beech, and maple saw timber in the three States of Minnesota, Wisconsin, and Michigan (p. 9). The United States Census Bureau reports that since 1920 nearly 5,500,000,000 feet of birch, beech, and maple (or 15 per cent of the total supply) have been cut in these three States. The fact that it takes from 100 to 250 years to grow trees of these species suitable for the uses to which they are now being put obviously makes this tremendous drainage on our hardwood forests a serious problem.

Canada has a stand of birch, beech, and maple totaling 20,000,000,000 feet as compared with the 90,000,000,000 of the United States. By no means all of the Canadian forest is suitable for saw timber and even less is commercially available.

PRODUCTION OF BIRCH AND MAPLE LUMBER IN THE UNITED STATES AND CANADA

The production of birch and maple lumber in the United States averages about 1,300,000,000 feet annually, according to the Bureau of the Census; the census data for the past three years is as follows:

Year	Birch	Maple	Total
	<i>1,000 feet</i>	<i>1,000 feet</i>	<i>1,000 feet</i>
1925.....	412, 229	921, 566	1, 333, 795
1926.....	365, 159	829, 020	1, 194, 179
1927.....	326, 788	774, 000	1, 100, 788
Average.....	368, 059	841, 529	1, 201, 588

Source: U. S. Department of Commerce, Bureau of Census reports.

The production of birch and maple lumber in Canada averages about 150,000,000 feet annually; the official Canadian figures for the past three years are as follows:

Year	Birch	Maple	Total
	<i>1,000 feet</i>	<i>1,000 feet</i>	<i>1,000 feet</i>
1925.....	89, 408	49, 824	139, 232
1926.....	96, 575	49, 199	145, 774
1927.....	95, 051	55, 208	150, 259
Average.....	90, 365	51, 377	141, 742

Source: Dominion Bureau of Statistics, Census of Industry, Lumber Industry.

The official figures therefore show that the production of birch and maple lumber is about nine times as great in the United States as it is in Canada.

Further light on the situation is given by consideration of export and import trade:

	Feet
Total United States exports of hardwood lumber, 1927.....	407, 356, 000
United States exports of hardwood to Canada, 1927.....	106, 578, 000
(Source: U. S. Department of Commerce; Commerce and Navigation of the United States, 1927.)	

These official data show that we export annually more than twice as much hardwood lumber as Canada produces; we actually export to Canada an amount one-half as great as its production and supply Canada with more than one-third of its consumption requirements. As a matter of fact, next to the United Kingdom Canada is our best customer both for hardwood lumber and for hardwood flooring. Canada, in return for the 10 million feet of hardwood shipped to her from the United States, sent to us 55,840,000 feet of hardwoods (including flooring) in 1928. (Source: Report of the Department of Commerce.) Our domestic production of hardwoods in 1927 was 6,628,163,000 feet, so imports were less than 1 per cent of domestic production.

To summarize the above information; we are cutting our Lake States hardwoods many times faster than they can and are being replaced by growth; Canada has a very limited supply of hardwoods and buys from us each year an amount equal to one-half of its entire production. It exports to the United States annually a small quantity of birch and maple lumber and flooring. Consideration of these facts lead clearly to the conclusion that present nominal imports from Canada constitute no problem for this country; the quite obvious fact is that unfortunately the supply in Canada is so limited that we can not hope to supplement our needs from Canadian sources.

HARDWOOD FLOORING

As regards the question of hardwood flooring, Mr. Bennet states in his brief that our domestic production is about 750,000,000 feet. Accurate figures are not available but this figure is likely 200,000,000 feet too low. But the true nature

of the complaint of the domestic manufacturers is evident when either of these figures is compared with the imports from Canada, stated officially by the Department of Commerce to total in 1928 only 2,925,000 feet, or about one-third of 1 per cent of the domestic production of flooring, and further when the same authoritative source shows that we actually export to Canada nearly twice as much hardwood flooring as Canada exports to us. It must be apparent that this particular phase of the tariff problem deserves no further consideration.

ANSWER TO STATEMENTS OF W. S. BENNET

The first statement made by Mr. Bennet is that "lower wage scales which reflect the presence of oriental labor" exist in Canada. The reference to the employment of oriental labor is a direct and deliberate misstatement of fact. For one who pretends to be familiar with Canadian conditions and is certainly close enough at hand to be properly informed, it betrays, to say the least, an utter lack of desire to present the facts. There is no oriental labor in Quebec and Ontario, where from 95 to 100 per cent of all the hardwoods in Canada are produced.

As regards wage scales prevailing in Wisconsin-Michigan and Ontario there follows a table showing wages paid last year by representative Canadian hardwood lumber operators as compared with wages quoted by Mr. Bennet in his testimony before the Ways and Means Committee.

Comparison of wages, January, 1929, in Wisconsin and Ontario hardwood lumber operations

	Wisconsin ¹	Ontario ²		Wisconsin ¹	Ontario ²
SAWMILL			WOODS		
Sawyer, band.....	\$7.69	\$9.00	Teamsters.....	\$45.64	\$50.00
Setter, band.....	4.62	5.17	Sawyer.....	43.18	45.00
Carriage rider.....	4.00	4.17	Swampers.....	37.20	45.00
Edger man.....	4.56	4.83	Roadmen.....	34.67	45.00
Trimmer levers.....	3.97	4.50	Cant hook men.....	41.47	50.00
Trimmer handler.....	3.49	3.75	Hook men.....	47.00	50.00
Tail sawyer.....	3.77	4.50	Top loaders.....	60.62	50.00
Lumber handlers.....	3.33				
Lumber pilers.....	3.83	4.08			
Car unloaders.....	3.55				
Machine runner.....	3.75	6.17			
Lumber loader.....	3.29	3.42			
Common labor.....	3.10	3.08			

¹ From p. 8437, hearings before Ways and Means Committee; original source not given.

² Sworn statements of three representative Canadian companies: A. Clarke, Howe, Waters & Knight, Ontario, Canada; B. John S. L. McRae, Airy, Ontario; C. Bethune Fulp & Lumber Co., Huntsville, Ontario.

It is significant that Mr. Bennet does not compare the wage levels of Canada with those in this country but seeks only to leave the impression that, as a result of Canadian competition wages have declined in the United States since 1920. It may perhaps be pertinent to add that wages have also declined substantially in Canadian lumber mills since 1920, as they have declined in most industries and most countries of the world from the high peak reached after the post-war boom. This decline quite obviously has nothing to do with the tariff.

Mr. Bennet also alleges that a tariff is necessary because Canadians benefit from lower freight rates than do Americans. To take a charitable view, we shall assume that Mr. Bennet does not mean that Canadian freight rates are lower than American rates—which is not true and is current knowledge in the hardwood territory of Wisconsin and Michigan—but merely that the distances to the consuming markets are sometimes less for the Canadian manufacturers than they are for the Americans. It is an undisputed and well-known fact that the freight rate per mile for lumber haul over Canadian roads into the United States is approximately 20 per cent higher on the average than it is for the shipper in the United States. Undoubtedly a few Canadian mills located at the border are closer to the consuming markets of Detroit, Cleveland, and Buffalo than American hardwood mills of the interior of Wisconsin and Michigan, but the vast majority of American mills producing birch lumber and flooring have a distinct

advantage over all Canadian mills both in the freight rate per mile and the distance hauled to the consuming markets of this country.

Much is made by Mr. Bennet of the allegation that the Canadian manufacturer can buy standing timber from the Government of Canada and thereby save substantial amounts in land taxes and the interest on heavy investments in land and standing timber. This is untrue. The purchaser of timber on Crown lands in Canada must, first of all, pay for his standing timber a price equal to or higher than practically any timber sold in Michigan and Wisconsin. In addition he must pay a minimum charge of \$2.50 per thousand extra on all the hardwood when it is cut as "Crown land dues" and annual charges of \$6.30 per square mile for fire ranging and \$5 per square mile for ground rent, plus Dominion and local income and business taxes (whether called by that or some other name), are quite heavy in Canada and fully as great if not greater than in the United States.

Mr. Bennet also alleges that common labor in Wisconsin now receives reduced pay due to Canadian competition and to support this statement produces a table comparing January, 1920, wages with those of January, 1921, 1925, 1926, 1927, 1928, and 1929. Attention may first be called to the use of the year 1920 as a basis of comparison with present wages. That year was obviously abnormal; the Department of Labor officially states that the highest wages on record throughout all industries were paid during 1920. And for tariff purposes it would seem far more proper to compare wages for the last year the tariff was effective (1913) with the present day. In such case, the Department of Labor shows that present wages are nearly twice as high. If Mr. Bennet's logic is to be accepted it may reasonably be argued that lack of a tariff has nearly doubled the wages of common labor in the lumber industry in Wisconsin. The fact is, of course, that both comparisons are thoroughly unsound and need not be discussed further.

Mr. Bennet states that imports of birch into the United States from Canada amount to 70,000,000 or 75,000,000 feet annually. There is absolutely no foundation for these figures and there is authoritative evidence that they are incorrect

	Feet
Total imports hardwoods (all species) into United States.....	55, 518, 000
United States exports of hardwoods to Canada, 1928.....	132, 795, 000
United States exports of birch, beech, and maple to Canada, 1928.	12, 479, 000

(Source: United States Department of Commerce.)

Again official data show that Mr. Bennet's figures are absolutely incorrect. Total hardwood imports are only about two-thirds as great as the amount of birch he incorrectly alleges is imported. A further interesting fact is that our exports of hardwood to Canada are 250 per cent as great as our imports and we sell her 12,000,000 feet of birch, beech, and maple, over 20 per cent as much as the total hardwoods we buy from her.

Mr. Bennet further alleges that due to imports of Canadian birch American manufacturers are sustaining huge losses annually and that one company in which he is an officer, the Edward Hines Hardwood & Hemlock Co., lost \$531,842.99 in 1927, presumably due to Canadian competition. He also states that because of the imports from Canada domestic production of birch has declined from 365,000,000 in 1926 to 327,000,000 feet in 1927. These statements appear in their true light when subjected to a little closer examination. The total value of all hardwood imports from Canada in 1927 was \$3,728,000, of which possibly two-thirds was birch; value figures for 1928 are not available, but based on the total quantity imports were approximately \$3,000,000, of which less than \$2,000,000 was birch. (Canadian figures show birch exports for 1928 to the United States as \$1,613,488.) Mr. Bennet's statement in substance, therefore, is that by reason of competition one lumber company, with an annual production certainly not in excess of 5 per cent of the total for the country lost an amount of money equal to 28 per cent of the total value of the imports. This imaginative use of figures speaks for itself.

As regards the decline in the total quantity of birch lumber produced in the United States, the reasons may be found by examining the state of the birch forests of this country and their rapid depletion far more easily than by speaking of competition from imports. In the short period of eight years 5,500,000,000 feet (15 per cent of the remaining stand) of birch and maple of the Lake States has been cut. This tremendous production has been going on for many decades; the stand, quality, and usefulness of the remaining birch forests has fallen to the point where birch of the type and quality needed by American industry is

no longer available in sufficient quantities in the United States. Presumably what Mr. Bennet is asking is a substantial tariff which will keep out Canadian woods and stimulate production in Wisconsin even more rapidly than the ruinous rate at which those forests are now being cut. The unfortunate part of it is not that we are importing from Canada each year a small quantity of birch lumber to supplement our own depleted forests, but that the total amount available in Canada is so small and is also being depleted at so rapid a rate that we can not hope for greater imports from that source.

REPLY TO STATEMENTS OF CHARLES A. GOODMAN

The evidence submitted by Mr. Goodman resolves itself into a lengthy statement purporting to show that the hardwood flooring industry is suffering from varied and sundry ailments, which the industry physicians propose to cure with a generous dose of that well known cure-all, the tariff. While recognizing the ailments they have not inquired into the cause, but it is their intention to make the ill fit the cure. An examination of the present condition of the domestic flooring industry clearly shows that the factors responsible for the alleged lack of prosperity have no relation to tariff treatment.

The fundamental purpose of a protective tariff is to protect American manufacturers of an article of commerce from unfair competition from foreign producers of a like commodity, and where the costs of production are lower in the principal competing country to equalize these costs by the imposition of a duty. Mr. Goodman has not presented a single supported fact to show that the competition from imported hardwood flooring is "unfair competition," or that domestic production costs are higher than similar costs in the principal competing country, Canada.

Mr. Goodman stated that the hardwood flooring manufacturers "are now and have been for the past several years operating generally at a loss," and that "contributing to this situation are several factors over which the manufacturers themselves have no control. Among these are increasing cost of manufacturing, increasing freight rates on the finished product, and the inroads of substitutes for wood flooring such as linoleum and tiling and other articles, all of which are protected by duties of from 20 to 60 per cent." It is difficult to understand how a duty on hardwood flooring could have the slightest effect in reducing costs of production on freight rates, or removing the competition from substitute materials; on the other hand it is obvious that a duty would raise prices thereby insuring a still greater market for substitute materials.

Mr. Goodman states that "one of the chief factors in the distressing condition of our hardwood flooring producers at the present time is the fact that an amount equal to about 10 per cent of our northern production comes each year into our eastern and northwestern States from Canada." An analysis of the true facts shows this statement to be a gross exaggeration. We shall assume that Mr. Goodman's estimates of hardwood flooring production are correct.

Mr. Goodman states:

	Feet
Total hardwood flooring production of United States.....	750, 000, 000
Capacity beech, birch and maple mills, northern United States..	300, 000, 000
Average annual production.....	185, 000, 000

The United States Department of Commerce reports:

Total imports hardwood flooring from all countries, 1927.....	3, 460, 000
Total imports hardwood flooring from all countries, 1928.....	2, 925, 000

(Source: U. S. Department of Commerce.)

Comparing these figures with the production data submitted by Mr. Goodman we find that the imports amount to four-tenths of 1 per cent of the United States production, 1 per cent of the annual capacity in northern United States, and 2 per cent of the recent annual production in northern United States. It is apparent from this data that Mr. Goodman's estimate is at least five times too high.

Mr. Goodman was asked the value of imports of hardwood flooring from Canada to which he replied, "We estimate that from twelve to fifteen million feet is brought over each year. The value of that at the Canadian mills would be about \$1,000,000." The fact that Mr. Goodman gave his own estimate of these imports rather than using the official figures compiled by the United States Department of Commerce is readily accounted for. The official figures show:

Total imports of hardwood flooring 1927 (all sources), 3,460,000 feet, valued at \$231,928.

Total imports of hardwood flooring, 1928, 2,925,000 feet, valued at \$170,856.

Again Mr. Goodman's estimates are five times greater than actual official data. It is true that Mr. Goodman stated that the official figures are inaccurate and supported his statement with testimony adduced at a "dumping" hearing on October 15, 1925. The United States Treasury Department and Commerce department are specifically charged with the responsibility of keeping accurate records of the importation of all commodities into the United States. These departments are probably fully cognizant of the fact that these data are required by Congress in framing tariff and other laws and realize that incorrect data might be extremely harmful to American industry. It is reasonable to assume that they take every means to insure the accuracy of the figures compiled. The official instructions as to the proper handling of import entries are given below:

"When entries are presented collectors of customs will compare them with the accompanying invoices to see that the commodity descriptions are in the descriptive terms of this schedule and that the quantities and values are correctly stated. When entries are found to be inaccurate or incomplete, either in the description of articles or in omitting to state proper quantities or values, or containing any error apparent on the face of the entry, the correction thereof will be required before the entry is accepted."

The statement that large quantities of flooring are being imported and improperly classified is merely an effort to evade the facts.

As to Mr. Goodman's complaint about dumping, we believe the following statements made by him are especially significant, "After investigation the Treasury Department held a hearing in October, 1925, but no relief was given. Later, request was renewed by manufacturers for action under section 1700 of the tariff act of 1922, but no protection was afforded." This is ample proof that the condition complained of did not exist. The legal remedy now existing is full and adequate; very properly, however, it can be worked only when the facts justify it. In the case of hardwood flooring the Treasury Department found that these facts did not exist.

As to the exports of hardwood flooring from the United States to Canada Mr. Goodman made the following statement in his brief: "Practically no maple, beech, or birch flooring is exported to Canada. In 1922 exports to Canada were approximately one-seventh of 1 per cent of United States production, and six years later, in 1928, do not appear to be one-fifteenth of 1 per cent." The truth of the matter is that there has been a gradual increase in the exports of hardwood flooring within the past several years, with the result that at the present time we are exporting over five times as much hardwood flooring as we are importing, the exports to Canada alone being over twice as much as the imports from that country. The following table compiled from the official statistics of the United States Department of Commerce show the total exports of hardwood flooring to all countries and the exports to Canada alone:

Exports of hardwood flooring from the United States

	To all countries		To Canada	
	Thou- sand feet	Value	Thou- sand feet	Value
1923.....	5,278	\$430,836	1,998	\$157,022
1921.....	6,703	527,300	1,876	118,432
1925.....	7,171	492,424	2,961	171,251
1924.....	7,132	484,280	3,170	183,812
1927.....	11,287	709,534	4,302	234,710
1928.....	15,300	935,894	7,247	383,027

Source: Commerce and Navigation, U. S. Department of Commerce.

These data are pertinent in that they show that American flooring manufacturers are competing far more successfully in the Canadian market than the Canadian producers are competing in the United States market. If the American manufacturers are able to sell their products in Canada in face of all the alleged advantages enjoyed by Canadian manufacturers they certainly are in a position to compete with Canada in the United States market.

Mr. Goodman cites a number of figures to show the annual capacity of northern flooring plants, the present rate of production, manufacturing costs and average

prices for the purpose of showing that the present capacity of these mills is almost twice the actual production, that manufacturing costs have increased, that average selling prices have declined, and that "some mills were compelled to greatly reduce output due to production exceeding demand." Notwithstanding the fact that production exceeds the demand, the plea is made that still greater production is required to alleviate the alleged unprofitable condition in which the flooring industry now is said to find itself. Overproduction in any industry is bound to result in reduced profits. This is exactly the situation in the hardwood flooring industry and the condition is undoubtedly recognized by the proponents of a tariff for they have stated that what they need is "more business and not higher prices." This can not be accomplished by means of a tariff. As very ably stated by Hon. Willis C. Hawley, chairman Ways and Means Committee of the House of Representatives, in a recent address, the disposition of surpluses resulting from overproduction should be effected by legislation independent of the tariff. Mr. Hawley's statement is as follows:

"Neither does the protective tariff propose to deal with conditions in the markets of this country when the question at issue does not arise from unfair competition from abroad. All industries at times find that their production exceeds the domestic demand, and a market must be found for them elsewhere. But such sales do not come within the purview or the scope of operation of a protective tariff. When surpluses occur, as is now the case of agriculture, and some provision for their disposal becomes necessary to relieve a basic industry, that, in my judgment, should be effected by legislation independent of the tariff."

If a tariff could prevent the importation of hardwood flooring entirely, the present condition of the domestic flooring industry would not be improved even in the slightest degree, for as we have pointed out above the imports represent approximately four-tenths of 1 per cent of the present domestic production. The increased production desired by the tariff proponents can therefore not be accomplished by placing a duty on hardwood flooring. The means for accomplishing more profitable operation of flooring mills must come from within the industry itself, a tariff will not help the industry and may do it considerable harm.

In the brief filed by Mr. Goodman the statement is made that "Flooring mill and incidental labor costs in Canada average lower than in the United States, and efficiency being equal, the Canadian manufacturer has a considerable advantage in the cost of finished hardwood flooring." It is well known that in the lumber industry costs of production are practically the same on either side of the international line. Mr. Goodman probably knows this also, for in his oral testimony he said "about 75 to 80 per cent of the cost of the finished product (hardwood flooring) is labor," and upon being asked what is the difference in the wages paid in the hardwood-flooring industry in the United States and Canada, he replied, "I have no figures on that, but I assume the wages are about the same. I presume there is not much difference between one country and the other." As a matter of fact comparison of prevailing wages in the hardwood-flooring industry in the United States and Canada shows them to be higher in the latter than in the former. The statement is also made that Canadian manufacturers pay extremely low prices to the Government for timber and have no taxes, insurance or investment overhead in standing timber. As stated above the present price of standing timber in Canada is equal to or higher than similar timber in the States of Wisconsin and Michigan, that there is a charge of \$2.50 per thousand on the timber as it is cut from the Government lands known as "Crown land dues," and that additional charges are made from ground rentals and fire protection and ranging, plus the usual Dominion and local taxes. The statement that Canadian manufacturers have a cost advantage is clearly entirely without foundation.

The facts in regard to the New England situation are these. The States of Maine, New Hampshire, and Vermont have fairly large quantities of hardwoods, a large portion of which has not been worked. Mr Goodman's brief makes the statement that lumbering operations have not been carried on in these stands due to the competition from Canada. In fact the failure to cut this timber is due almost entirely to its inaccessibility which make the cost of production prohibitive as compared with similar operations in neighboring States in the United States. The real competition has come from domestic sources and not from Canada.

We earnestly recommend to your careful perusal the eminently fair statement of the theory and purpose of a protective tariff made by Hon. Willis C. Hawley, chairman of the House Ways and Means Committee, that "The protective tariff policy is intended to protect the American producer of commodities of all kinds,

and all the persons interested in such production, from unfair competition from abroad," and that "a rate of duty expresses the difference between costs at home and abroad for that material part of the total production with which foreign competition is most effective and in which management is fairly efficient." We respectfully ask that this theory be applied in this case. It can only lead to one conclusion and that there is no reason for any change in the present tariff treatment of hardwood flooring. There is no unfair competition from abroad and no duty is required to equalize costs of production.

ANSWER TO STATEMENTS OF E. J. JONES

The testimony of E. J. Jones, representing the Emporium Forestry Co., Bradford, Pa., appears on pages 8460 to 8464, inclusive, of Document No. 40, hearings before the Committee on Ways and Means, House of Representatives, February 23, 1929.

Mr. Jones lays particular stress throughout his oral testimony and his brief upon the fact that Canada assesses a duty upon imported hardwood flooring. He assigns this as one of his reasons for imposing a similar duty in the United States. Upon being asked whether he would be willing to withdraw his request for a duty in the United States if Canada should withdraw her duty, he replied that he would not, that he would still want the duty in this country. It is apparent that his sole interest is that a 25 per cent duty be levied in the United States, irrespective of any action which might be taken in Canada.

Mr. Jones also claims that by reason of the Canadian duty the Canadian market is closed to the American flooring manufacturers, but in his zeal to obtain a tariff he has wandered away from the facts. According to figures compiled by the United States Department of Commerce exports of hardwood flooring from the United States to Canada have been registering increases every year since 1923. During this period Canada's annual purchases of American flooring have increased from 1,988,000 feet, valued at \$157,022, to 7,427,000 feet, with a value of \$383,027. During 1928 the sales of American hardwood flooring to Canada were over two and one-half times as great as the United States imports of hardwood flooring from all sources. These data depict rather effectively the true competitive conditions on both sides of the Canadian line. Notwithstanding the alleged advantages enjoyed by Canadian manufacturers, the American mills are having more than twice as much success in the Canadian market than the Canadian producers are having in the American market. This is especially significant in view of the fact that the Canadian consumption of hardwood flooring is considerably less than the consumption in the United States.

Much has been said by tariff proponents of the alleged advantage enjoyed by the Canadian manufacturers by reason of the proximity of certain of these manufacturers to the New England market. At the outset of his testimony Mr. Jones made it clear that he was merely representing the company of which he is an officer. It is therefore rather difficult to understand why he too assigned the proximity of certain Canadian mills to the New England market as a reason for tariff, since he states that as far as his company is concerned the freight rate from its mills is practically the same as the rate from the Canadian mills. But notwithstanding that his mills have no disadvantage in freight rates over Canadian mills, he does not hesitate to ask for a tariff merely because certain other domestic mills are farther removed from certain consuming centers. Not only does he admit that he has no cause of complaint as to freight rates as far as his mills are concerned, but he also states in his brief that "there is little or no difference in freight rate from many of the mills (as compared with Canadian mills) to the New England trade."

Attention is invited to Mr. Jones' statement that his company is paying its woodsmen from \$3.50 to \$4 per day and found. While it is possible that some of the woodsmen do receive this wage, it appears that this rate is considerably higher than the usual rate paid by other American operators, as shown in the table presented to the House Ways and Means Committee by Mr. Bennet. It is improbable that Mr. Bennet would have submitted a table of wages lower than that paid by the American mills, and it is equally improbable that there could be such a discrepancy between the average American woodsmen's wages and the wage paid by Mr. Jones company.

Mr. Jones indulges in many generalities in dealing with the alleged lower stumpage cost, tax rates, and interest on overhead in Canada as compared with similar operations in the United States but does not cite a single figure to support his contentions. It is interesting to note that Mr. Jones is of the opinion that if there is any difference in costs between the United States and Canada it is

confined to the cost of raw material, and not to mill costs of manufacturing, as he made the following statement in his testimony, "I believe in the principle of protective tariff that is justified by the difference between the cost of producing it abroad and here, the labor cost in Canada—not the mill costs of manufacturing flooring, but the labor costs of bringing in the material to the mill." As we have heretofore pointed out the wages paid in the woods in Canada average higher than they do in the United States. In view of the fact that Mr. Jones admits that the mill costs of manufacturing flooring are the same, and the labor costs are higher in Canada than they are in the United States, it is apparent that there is no difference in costs of production to be equalized by a tariff.

Not being content with the groundless statement that the Canadians have a monopoly in their own market by reason of the duty assessed on imported flooring Mr. Jones goes further and alleges that the Canadian manufacturers have a monopoly, "not only to their own market but practically for the American market as well" and "there is a monopoly created in the United States for their flooring." We are unable to comprehend how shipments of Canadian flooring totaling four-tenths of 1 per cent of the American production of flooring constitute a monopoly.

Mr. Jones discusses the question of selective cutting and states that he is interested in forest conservation. Flooring is produced from the lower grades of hardwood and the question of selective cutting of logs does not enter into the question at all, as none of the upper grades, or middle grades of hardwood are used to any extent in flooring, with the result that his statements as to the production of long and short lengths is without foundation in fact. He also makes the statement that while they are denuding their forests we are penalized because of our conservation attitude on the question of cutting down our forests," but he failed to make clear how he can reconcile prohibition of imports with conservation of American timber. While it is admitted that due to the insignificant amount of hardwood flooring imported annually, the imports have had no appreciable effect on the conservation of timber in the United States, it must be borne in mind that a prohibition of imports and forest devastation through overproduction are contrary to the policy of forest conservation. The alleged conservation through the utilization of short lengths is more than offset by the distress lumber which reaches the market by reason of overproduction. Ruthless cutting of timber in an endeavor to cut down manufacturing costs without regard to full utilization is always associated with periods of overproduction. It is this overproduction which has resulted in the failure of certain mills to operate profitably, and not the infinitesimal imports of Canadian floorings, which as we have heretofore pointed out represent approximately four-tenths of 1 per cent of the domestic production.

CONCLUSION

Public statements of Congressmen, Senators, and the President which have appeared during the past six months have frequently stated the tariff policy which should determine whether or not a change in the present tariff of a commodity should be made. Invariably the essence of their statements has been the equalization of foreign and domestic costs. In the case of the hardwood lumber and flooring all facts point to similar costs in Canada and the United States. Undoubtedly conditions vary slightly between different localities in the United States and Canada, but by and large there are no facts available which can account for any material cost differences. On the basis of the fundamental policy underlying our tariff act there is, therefore, no reason to justify a tariff on hardwood lumber and flooring.

Consideration of other factors, moreover, makes the appeal for a tariff utterly ridiculous. Our hardwood forests are now being depleted far more rapidly than is desirable, a state of facts which may well be of grave concern in a national way. But to propose under such conditions a tariff against the products of a country itself notably deficient in hardwoods, scales the height of folly. As a national problem Congress might well rather consider the paying of a bounty to encourage the importation of hardwoods into this country.

Respectfully yours.

CHARLES W. LEECH LUMBER Co.,
Per BERT HANNA.

EDWARD VESTAL, *President,*
Vestal Lumber & Manufacturing Co., Knoxville, Tenn.
E. R. PLUNKETT, *President,*
Plunkett-Webster Lumber Co., New Rochelle, N. Y.

INGHAM LUMBER Co.,
Kansas City, Mo., May 18, 1929.

EDHAM LUMBER Co.
Minnesota Transfer.
St. Paul, Minn.

GENTLEMEN: The undersigned lumber dealers of Tulsa, Okla., hereby authorize you to put their names on your list of dealers opposed to the enactment of import duties on lumber and shingles.

Ingham Lumber Co.; Tulsa Lumber Co., M. John, secretary; Wade Tolcott Lumber Co., by R. F. Wade, secretary; Trece-Fell Lumber Co., by R. E. E. Trece, vice president; O. K. Lumber Co., by H. L. Montgomery; Service Lumber Co., by C. R. Montgomery; C. T. Sturnn Lumber Co., by C. L. Watson; Tulsa Rig, Reel & Mfg. Co.; T. E. Montgomery Lumber Co., Roy Lindby, E. S. Kirby.

INGHAM LUMBER Co.,
Kansas City, Mo., April 6, 1929.

EDHAM LUMBER Co.,
Minnesota Transfer,
St. Paul, Minn.

GENTLEMEN: The undersigned Lumber dealers of Kansas City, Mo. hereby authorize you to put their names on your list of dealers opposed to the enactment of import duties on lumber and shingles.

Ingham Lumber Co.; R. J. Hurly Lumber Co.; John M. Byrne Lumber Co.; A. O. Thompson Lumber Co.; H. B. McCray Lumber Co.; Lerdig L. & Havens Lumber Co.; Doyle-Moore Lumber Co., per & E. Doyle.

BRIEF OF THE VESTAL LUMBER & MANUFACTURING CO., KNOXVILLE, TENN.

We employ about 800 people, with sawmills at Knoxville and Duff, Tenn., and at Sargis, Ga.

We have a capital investment of about \$3,000,000, and are shipping into Canada about 4,000,000 feet of lumber per year. Our trade relations with Canada are so pleasant that we wish nothing done that would disturb the condition of our customer.

We feel that if a duty were imposed on Canadian lumber coming into the United States, the Canadian Government would naturally impose a duty on our lumber. This is our main reason for appearing before this committee.

The competition of Canadian lumber we know nothing of whatever and do not recognize it.

EDWARD M. VESTAL, *President*,
By CLARENCE L. BARR, *Attorney*.

STATEMENT OF NEWTON S. STOWELL, DIXFIELD, ME., REPRESENTING THE BUREAU OF WOOD TURNERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. STOWELL. I represent the Bureau of Wood Turners. Most of the New England wood turners have gone.

Senator COUZENS. Are they the employees or producers?

Mr. STOWELL. These are the producers—the mills. I will read, if you will allow me—

Senator COUZENS. There is no necessity of reading this if you are going to file it, because we have to go over this testimony again.

Mr. STOWELL. That is all right. I thought I would read you a list of those whom I represent.

Senator COUZENS. Very well.

Mr. STOWELL. I represent the following:

Newton & Thompson Manufacturing Co., Brandon, Vt., Guy H. Bump, J. P. Rogers Co., Berling, N. Y., James P. Rogers; Wing Spool & Bobbin Co.; Kingfield, Me., Herbert S. Wing; E. L. Tebbetts Spool Co., Locks Mills, Me., John H. Tebbetts; N. S. Stowell & Co., Dixfield, Me., Arthur N. Stowell; G. F. Mooney & Sons, Farmington, N. H., Francis J. Mooney; Allen Manufacturing Co., New Durham, N. H., W. D. Allen; Saunders Bros., Hanover, Me.; Hoyt & Stearns, Rumford, Me.; Packer Spool & Bobbin Co., Lewiston, Me.; Leighton Bobbin Co., Gilead, N. H.; Fogg Bobbin Co., Berlin, N. H.; Stratton Manufacturing Co. Stratton, Me.; McLain Wooden Products Co., Phillips, Me.; Berst Foster Co., Oakland, Me.; Smith Manufacturing Co., New Vineyard, Me.; Narragansett Machine Co., Providence, R. I.; McGregor Corporation, Lincoln and Dover-Foxcroft, Me.; George W. Knelland Co., Carthage, Me.; Chick Bros., New Portland, Me.; C. H. Bartlett Manufacturing Co., North New Portland, Me.; J. P. Skillings Co., Bethel, Me.; H. F. Thurston & Son, Bethel, Me.; Morrill-Adams Co., West Bethel, Me.; Stowell Silk Spool Co., Bryant Pond, Me.; Elliott & Bartlett Co., Andover, Me.; J. Thurston Co., Rumford, Me.; Swain & Reed, Roxbury, Me.; Buy of Brown, Norway, Me.; Lewis Mann, West Paris, Me.; Cummings Bros., Norway, Me.

This group represents about \$25,000,000 worth of mills.

Senator WALSH of Massachusetts. How many mills altogether.

Mr. STOWELL. Between 30 and 40.

Senator WALSH of Massachusetts. Thread spool mills?

Mr. STOWELL. Spool mills, novelty mills, and mills making dowels, toothpicks, etc.

Senator WALSH of Massachusetts. Where are these mills located throughout the country?

Mr. STOWELL. Most of them through Maine. There are some in New York, some in New Hampshire, and some in Vermont.

Senator WALSH of Massachusetts. In other words, most of them are small mills making spools for silk and other threads.

Mr. STOWELL. No; not small mills. We would call them large mills. You will see the amount of money represented.

Senator WALSH of Massachusetts. How many persons are employed altogether?

Mr. STOWELL. In the eight mills of which I am president and treasurer we employ 2,500.

Senator WALSH of Massachusetts. In your eight mills?

Mr. STOWELL. Yes, sir. We cut about 23,000 cords of birch a year for these eight mills.

Senator COUZENS. What is the position you take?

Senator WALSH of Massachusetts. He is opposed to the tariff on dressed maple wood.

Mr. STOWELL. I take a position against the Canadian tariff.

Senator COUZENS. In other words, you want it on the free list?

Mr. STOWELL. Yes.

Senator COUZENS. We understand who you represent now. Do you want to file this brief in the record?

Mr. STOWELL. I want to file that one and one more, but I want to present just a few facts.

Senator COUZENS. Are these facts included in the brief you are filing?

Mr. STOWELL. There are quite a number that are not.

Senator COUZENS. I wish you would state those that are not.

Mr. STOWELL. I will make a very quick résumé of it, Senator Couzens.

In the first place, I want to take exception to the statements made by the man from Wisconsin here last night in regard to the value of birch. He made the statement that Maine birch lumber was worth \$25 a thousand, and he also made the statement that there are about 10,000,000 feet wasted in the State of Maine that could be made into articles and sent through the Panama Canal to the markets on the Pacific coast. He did not know what he was talking about, nor did the others who made such statements, for this reason.

For our 23,000 cords of birch that we cut for our mills we have to have about 37 factories, and those are situated in different villages, such villages as he was telling you about in Wisconsin, by which we give the farmers relief, building up and giving them labor to work on the farms, permitting the men and boys to do some farming in the summer time. We have consummated the thing that he is attempting to do.

We built up these villages. One thing that I wanted to impress upon you is this, that when we build a mill in any village, the village comprises a tract of land about six miles square, and with that mill we would cut out the whole of it in the six-mile square in one year.

We also call your attention to the spool business, particularly in connection with birch, because, Senator Couzens, in your own State you have had two spool mills. I was interested in one of them, and I am to-day. I was also interested in a mill in Massachusetts. Those mills could not run more than a little while, because the situation of mills to-day, or any other manufacturing, is like the situation at Grand Rapids. It would be just like our corporation going into Maine and competing with Grand Rapids in the furniture industry.

When I started in this business 44 years ago there were 40 spool mills. To-day there are 15 spool mills. Those spool mills were located in Michigan, Connecticut, New York, Massachusetts, and New Hampshire. Every one of those mills has gone out of existence with the exception of two or three that are not located in the State of Maine; so that 95 per cent of the spools made in America for thread are made in the State of Maine.

Senator COUZENS. What brought about that change?

Mr. STOWELL. It was the concentration of the industry, the building of mills in a given area. Men will go from one mill to another, or start for themselves, and in a little while there will be 50 or 75 mills within the radius of the county. They advance in ideas. They take ideas from each other, and build up the industry, the same as a great many of our industries are built up.

I contend that the same amount of spools are made to-day that were made 40 years ago, but instead of the old fashioned methods, we can make them three times as fast. It is a continual process of throwing out obsolete machinery and getting faster machinery.

Senator COUZENS. Was the reduction in number due to the consolidation of other companies?

Mr. STOWELL. Not consolidation. These mills are separate.

Senator COUZENS. Where did the old companies go when the number was reduced to 15?

Mr. STOWELL. They went into some other business. These Maine mills could not have existed for the last 10 or 12 years on what they made on spools. It would be rather a question of what they lost on spools. Every spool mill that is making spools to-day gets

its profit or its margin from the waste. I am not speaking here to-day for any one mill. This is not one combination. I am in four corporations. We make all of J. & P. Coates's spools made in America. At another mill we make 97 per cent of the Corticelli spools, and at another mill we make spools for the Beldens, of Michigan.

Senator COUZENS. What you want is the importation of your raw material free, is that right?

Mr. STOWELL. That is what we want.

Senator COUZENS. Let us stick to that.

Mr. STOWELL. I am not making the argument to this honorable committee that they are all going out of business, and I do not agree with a great deal that has been said along that line. I think a good deal of the woodworking industry, whether in spools, novelties, sleds, or anything else, is in a prosperous condition.

Mr. Lacey, who is not here now, takes the same attitude I have taken. I have seen for 30 years that our wood was going out of existence. I bought 45,000 acres of land in my own name, and that is put in trust for the State of Maine. I believe in the State of Maine.

Senator COUZENS. That is all you have to say, then, with regard to the tariff, is that right?

Mr. STOWELL. That is right. We would like free raw material from Canada for the mills that we represent—between 30 and 40 mills—for this reason. There certainly is not enough birch in the State of Maine for our requirements. This year, and every year, we are buying from Canada what we can not get here. We had to go up there this spring and buy a quarter of a million feet on account of a change from spools. We take birch in the log, almost from the Canadian line.

Senator WALSH of Massachusetts. You originally had this wood in Maine, when your factories were established, and now you have exhausted the supply. Is that the story?

Mr. STOWELL. Yes.

Senator WALSH of Massachusetts. You built these factories—

Mr. STOWELL. We cut it down.

Senator WALSH of Massachusetts. Wherever there was suitable wood to make these spools?

Mr. STOWELL. Yes.

Senator WALSH of Massachusetts. That is all gone, and now you are going up to Canada as the nearest market for it?

Mr. STOWELL. That is all gone to a great extent, but to make it better, Senator, we have bought 45,000 acres of land, and we are reseeding it. We are the only company I know of that is reseeding for birch.

Senator WALSH of Massachusetts. You can not use that for years, of course.

Mr. STOWELL. We can not use it for years. There is this birch in Canada, north of Quebec. They sent 20,000,000 to England and Scot'and. We want access to this. It is about two or three hundred miles above Quebec. We want to get at that birch. It has attained its growth.

Senator COUZENS. We think we understand your position. We have your brief.

Mr. STOWELL. Yes, sir.

Senator COUZENS. Are there any other questions?

Mr. STOWELL. I have filed the brief of the McGregor Corporation.

Senator COUZENS. I have just handed that to the stenographer.

Senator WALSH of Massachusetts. Have you any additional papers you want to file?

Mr. STOWELL. No; I do not think so.

Senator WALSH of Massachusetts. If you have anything you wish to send in, send it to Senator Couzens and he will put it in the record.

Mr. STOWELL. We feel that wood turning has always been our industry, and we want to hold that industry together.

Senator COUZENS. We understand that.

(Mr. Stowell submitted the following brief:)

BRIEF OF THE MCGREGOR CORPORATION, LINCOLN, ME.

The proposed duty as presented to this committee on hardwoods, as we understand, is for the protection of hardwood flooring. In so far as hardwood flooring is concerned we do, however, take strenuous exception to the imposition of a duty on particularly white birch.

I am making this statement in view of the conditions in the State of Maine and the industry which is dependent thereon, and not the interest of any association.

The spool industry is almost entirely a Maine industry and if the duty is imposed on white birch it will seriously affect this industry. The birch growth in Maine consists of three species, gray birch, and white birch. Only one of these three we care to use for spools. Gray birch is of no value for manufacturing. Silver birch is used for the manufacture of hardwood flooring and in some cases for spools. However, only a small amount is used for this latter purpose and our corporation uses none.

The Maine stands of white birch are being depleted and the stands of birch, particularly white birch, which are not large and are very much scattered throughout the State, this necessarily increases the expense of operation, thereby increasing the material cost of the manufacture of the spool. In this respect the value of the white birch, as its value lies in the wood. The white birch, which is the most valuable birch, has been found which is used in the manufacture of wood for spools. Because of the limited amount of white birch at the present time we find it necessary to make purchases of wild land in the Province of New Brunswick in order to conserve the white birch in Maine and look to our own requirements.

Where we have found small stands in Canada we have found, contrary to certain reports which were made to the Senate and Means Committee, that the cost of operation in Canada is less than the cost of operation in Maine. It is true that the cost of operation in Canada is less price than in Maine, but the advantage gained is offset by the excessive freight rates levied in transporting the lumber to our operations in the State.

There are large quantities of birch in Finland. Last year a Finnish company organized in New York City for the purpose of getting a portion of the spool business from the States. Prices were made to the thread companies which, in spite of the 33 1/2 per cent duty now imposed to check the amount of spools coming into the United States, were lower than the prices we were able to quote under the present conditions. The reason the thread companies of the United States did not purchase to any extent these Finnish spools was that they were made of inferior wood from Finland. If a duty is imposed on the white birch wood, this difference will be much more marked and we feel would result in Finland securing the business, since the thread companies would be willing under these circumstances to accept a somewhat inferior spool at a much lower price.

Perhaps the question may arise in the minds of the committee as to whether we have considered the study of reforestation, knowing, as well as we do, that our future supply in Maine is rapidly becoming depleted. This has been experimented with, and the only way known to reforest for birch is by collecting the birch seeds and reseeded. This procedure up to the present time has not proved successful with us. The stands of white birch existing in Maine are directly the result of forest fires. The history of white birch is that it grows

in the wake of large fires. When we take into consideration the fact that a birch tree requires 60 to 65 years to reach maturity, one can readily see that we will soon approach a period when the Maine birch will not be available unless we have the Canadian white birch as a reserve. The spool business, like the long lumber business of Maine, will be a thing of the past. At the present rate of consumption white birch used for spools in the State of Maine will be depleted in 12 to 15 years. Because of this rate of depletion we, as mentioned before, have purchased land in Canada for the purpose of protecting our future supply.

Therefore, because of the following facts:

(1) White birch as distinguished from gray and silver is almost entirely used in the manufacture of spools.

(2) Very little white birch is used in hardwood flooring, silver birch and maple being the woods used for this.

(3) The Maine forests are rapidly being depleted of white birch.

(4) It has been necessary, looking to the future, to purchase stands of white birch in Canada.

(5) The cost of Canadian lumber labor in our experience is no lower than in the State of Maine.

(6) Finnish competition has already threatened, in spite of the high duty on manufactured spools.

(7) A duty on Canadian white birch will greatly enhance this competition.

We are asking, therefore, that white birch bolts and spool bars be still retained on the free list, or that an exception be made in the case of this particular wood, believing as we do that if the duty is imposed the spool industry which is almost altogether a Maine industry will in a short time cease to exist. Personally, I can think of no article of manufacture that is more generally used by the public than thread which is wound on white birch spools.

I understand that a brief will be filed with the committee by the Maine Hardwood Association in the very near future. It is not my intention to file any statistics, as from the knowledge which I have, I think the committee have all the figures necessary and my mission is merely to make a statement of absolute facts as they exist in our State and how the spool industry will be affected by the proposed tariff.

F. H. LEADBETTER,
Treasurer, John MacGregor Corporation.

STATEMENT OF HON. WILLIAM S. BENNET, CHICAGO, ILL., REPRESENTING THE NORTHERN HARDWOOD AND HEMLOCK ASSOCIATION

[Including beech lumber, par. 1700]

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. BENNET. I represent here to-day the Northern Hardwood and Hemlock Association, consisting of about 60 mills manufacturing hardwood and hemlock in northern Wisconsin and northern Michigan.

In my business relations I am an officer of the Edward Hines Hardwood & Hemlock Co., so far as this particular species of lumber is concerned, and an officer of the Edward Hines Lumber Co., so far as wholesale and retail manufacturing of lumber is concerned.

Senator COUZENS. What percentage of the industry do you represent?

Mr. BENNET. The Edward Hines interests?

Senator COUZENS. No; the association.

Mr. BENNET. We represent, I should say, about 65 per cent. There are 400 mills in northern Wisconsin and northern Michigan, and while it is true we have only a little over 60 mills in our association, we have the larger mills.

Senator COUZENS. What is your association organized for?

Mr. BENNET. The general benefit of the industry.

Senator COUZENS. And do you discuss prices at all?

Mr. BENNET. No, sir.

Senator COUZENS. You do not fix any prices?

Mr. BENNET. No, sir. I might say, Senator, that the Edward Hines Lumber Co., the wholesaler, is sometimes able to get from different mills within the association the same species and character of wood on the same day at as big a spread as \$16 a thousand.

The House of Representatives on the case made before it took maple and birch from the free list and put a duty on it of 15 per cent ad valorem. In all probability beech, a similar hardwood, ought to have the same extent and character of tariff protection.

It happens that in the territory represented by the Northern Hardwood and Hemlock Association the principal hardwoods are maple and birch, and I rather think that the inclusion of beech was overlooked. The production of beech in Massachusetts and New Hampshire, Vermont, New York, and Maine, is large and important.

The principal reason for the duty proposed—

Senator COUZENS. You advocate a duty?

Mr. BENNET. I do.

The principal reason for the duty proposed in paragraph 402 is the existence of competitive conditions owing to the fact that since the war the railroad tariffs in the United States have been rather largely increased while the railroad rates in Canada have not been so greatly increased. Therefore, the Canadian manufacturer of birch and maple gets into the American market and bars out the manufacturers in the fringe of States bordering Canada which are the principal States which produce maple and birch.

I was interested in the statement of a gentleman here this afternoon, Mr. P. H. Murray, I believe, if I got the name correctly.

Senator WALSH of Massachusetts. Yes. A chair manufacturer?

Mr. BENNET. Yes, sir. Very evidently he had not given very thorough consideration to just exactly what this tariff is.

This tariff of 15 per cent is, of course, under the valuation method, under foreign valuation.

William B. Hyman, who is quite a student of the subject, informs me that the average price on rough birch, f. o. b. cars Canadian points, is \$25 per thousand. That is 2½ cents a foot.

For the information of the committee, a foot of lumber is a piece a foot square and twenty-five thirty-seconds inch thick.

It is quite obvious that 10 feet of lumber would much more than make a chair. We can not use ten squares of lumber each a foot square and twenty-five thirty-seconds inch thick in making an ordinary chair. At 2½ cents a foot the total cost of the lumber in that chair would be 25 cents. And 15 per cent duty would be 3¾ cents on the raw material under the rate proposed in paragraph 402.

Senator COUZENS. Is 15 per cent what you asked for in the House?

Mr. BENNET. We asked for 25 per cent, because that is the rate Canada puts against us; but the House gave us 15 per cent.

Senator COUZENS. Do you believe this tariff is necessary for the purposes of conservation?

Mr. BENNET. I know it is, and if you have the time, Senator, I would like to speak at some length on that matter of conservation.

Senator COUZENS. You think the tariff is necessary in the interest of conservation?

Mr. BENNET. Yes, sir.

Senator COUZENS. Some stated it was the reverse, that if we let the Canadian products in here freely without the tariff there would be less cutting of our own forests.

Mr. BENNET. Senator, you have to think of the Canadian and American forests largely as one, it seems to me, in the matter of conservation.

About a year ago I had the honor of presiding at the conservation luncheon at Chicago, at which our principal speaker was Hon. Arthur Meehan, the war-time Premier of Canada, and he said in the public speech, a copy of which I would be glad to file with the committee, which I have had revised by him, that the Canadian lumber in the present accessible forest would not last 25 years.

The fact that the lumber to a certain extent is already gone is corroborated by a gentleman who is using every effort—which he has the right to do—to prevent the imposition of a tariff on lumber. I speak of Mr. E. L. Carpenter, the president of two companies owning lumber in Canada, who wrote a letter in January to myself and about a hundred other men engaged in the lumber business, inclosing a copy of a letter that he had sent to the secretary of the National Lumber Manufacturers Association. Mr. Carpenter recently built a mill at Blind River, which I would think is almost directly north of Detroit on the Canadian side.

Speaking of his experience he said—and this is on page 9536 of the House hearing—

Of pine lumber for millwork purposes, Canada has not a sufficient supply to take care of her own woodworking factories, and our own mills in Oregon and California have already opened up a trade in Canada for shop common and better factory lumber which is growing. The pine doors and sash in our office building at our new plant at Blind River, Ontario, finished last summer, were ordered of a Canadian woodworking factory at Sudbury, Ontario, and to our surprise we found, when received, that these doors and sash were made, not of Canadian pine, but of California pine.

Senator KEYES. What has that got to do with maple?

Mr. BENNET. I was answering the chairman's question. But coming to maple and birch—

Senator COUZENS. You spoke of maple and birch. You also want to include beech?

Mr. BENNET. Yes; maple, birch, and beech.

The Canadian production of maple, birch, and beech is about 150,000,000 feet a year, of which they ship a substantial part, substantially a third, into the United States.

The business itself, speaking now for Wisconsin and Michigan, is one which is absolutely necessary if the farming communities in those sections are to be maintained.

As you know, Senator, the lumber industry in Michigan—and the same thing is true in Wisconsin—is in the northerly, more sparsely settled sections of the State, and the 400 mills in the two States utilize very largely in the wintertime the labor of the men who in the summer till the farms. There are only 90 growing days a year up in that country, and they have very little to do in the winter, and we get our labor from those men.

In addition to that, the more common agricultural products that they produce, such as hay and potatoes, peas, and things of that kind, the sawmill men buy. So if agriculture is to be maintained and grow in those States—and the same thing is true in northern New

York and northern New England—these wood industries must continue.

I will file with the committee a number of letters from manufacturers instancing the extent to which the manufacture of birch and maple has had to shutdown in those northern countries on account of this Canadian competition. They have taken away the entire New England business from the manufacturers of Wisconsin and Michigan, and they are taking it away in such centers as Flint and Detroit, and where they can get in for 7½ cents a hundred, less freight, than we can from upper Michigan and Wisconsin, they are taking the business away there. So this small duty of 15 per cent is necessary if the industry is to continue.

Senator COUZENS. Is that the difference between the cost of production in Canada and the cost of production here?

Mr. BENNET. Well, yes; including the wage cost reflected in the railroad tariffs of the two countries. Of course, they have state-owned and state-aided railroads in Canada, and they keep down their freight rates. And that is the competition we have to meet.

Frankly, the labor cost situation is this, Senator. In the Canadian mills, so far as the men in the mills go, the labor cost is about the same as it is in the United States. In the woods the Canadian cost is less. It is a little difficult to figure out. My idea would be that it would be more than 15 per cent.

Further west it runs up to 33 per cent. Out there they have the oriental question and other questions, and I would say that in that part of Canada directly north of Michigan and Wisconsin and New York State that the difference in labor cost ought not run above 20 per cent.

Senator COUZENS. To what extent does the oriental problem play a part in the production of lumber in Canada?

Mr. BENNET. In this particular part, practically none at all. On the west coast it does play some, of course; but it is a mixed question there. When it comes to the piecework, some of the Chinamen who work in the British Columbia mills, in the skilled work, earn more money than the men in the United States in the skilled trade. The common labor cuts it down and the general result, I would say, would be a difference against the States of Washington and Oregon of about 33 per cent. This Canadian competition has reduced the wage we pay very materially.

On page 9531 of the hearings before the Ways and Means Committee I inserted a table, which I will not repeat but which shows the pay of common labor in upper Michigan and upper Wisconsin is down to \$3.10 a day. In August, 1920, it was \$4.50. And every character of labor, both the more skilled, such as the edgemen and the sawyers, have had a decrease in wages, not only since 1920, which might be called an exceptional condition after the war, but since January, 1924.

In addition to that, the manufacturers have had heavy losses. The loss of the Edward Hines Hemlock & Hardwood Co. in the year 1927 was \$531,842.99.

Senator COUZENS. They have a lot of stumpage, though?

Mr. BENNET. Yes; we have a lot of stumpage.

Senator COUZENS. Don't you make a profit on the stumpage that you sell to retailers?

Mr. BENNET. We do not sell stumpage to retailers.

Senator COUZENS. I mean the concern you just mentioned. That does not include the stumpage, does it?

Mr. BENNET. Yes, sir. The Edward Hines Hemlock & Hardwood Co. owns the stumpage.

Senator COUZENS. Was that loss you mentioned the loss that includes the stumpage and the manufacturing, too?

Mr. BENNET. It includes the taxes on the stumpage and the carrying charges which, I would say, would account for approximately \$125,000 of the \$531,842.99.

Senator COUZENS. Is that value of the stumpage enhanced all of the time?

Mr. BENNET. Not greatly. I don't think the value of the stumpage in northern Wisconsin has increased in the last 10 years.

Senator COUZENS. Is that true of Michigan?

Mr. BENNET. That would also be true of Michigan, speaking now of the upper peninsula, the northwestern end.

Senator COUZENS. Why is it that the National Retail Association are all opposing a tariff on the importation of lumber from Canada?

Mr. BENNET. I don't know. We are very large retailers ourselves. We have 26 yards in and about Cook County. We can not see any particular benefit that is gained by not having a duty on lumber. Besides, that, if we live in a protected country of manufactures, even if it happens to be a lumber manufacturer, he is entitled to the same treatment as any other manufacturer.

In the hearings before the Ways and Means Committee was a statement of the president of the National Retail Lumber Dealers Association to the effect that that association was not going to take any position in the matter.

Of course, as to this particular tariff on maple and birch, the gentlemen who are opposing the tariff on soft woods generally are not opposing this 15 per cent.

Mr. A. W. Cooper, who represented them and always speaks somewhat unkindly about me personally, said they had no concern with the tariff on maple and birch. And I would like to insert his brief statement in the record, as a part of my remarks:

The National Association against a lumber and shingle tariff, which is the organization which is fighting the tariff on soft woods, is not opposing the tariff on maple and birch.

On page 9594 of the tariff hearing (Schedule 15) Mr. A. V. Cooper, the chairman, says: "Mr. Bennet, representing the Edward Hines Associated Lumber interests, appeared before the Ways and Means Committee on February 23, ostensibly on behalf of northern hemlock and hardwood manufacturers in support of a duty on birch lumber, maple lumber, and birch flooring. With this matter we have no concern."

I would also like to have the privilege of filing the brief of the Northern Hemlock and Hardwood Manufacturers Association, and also the brief of the Hon. E. J. Jones, former member of the House, who is preparing a brief and asked me to request permission to have it filed with my brief.

Senator COUZENS. Is that the same brief that is in the House hearings?

Mr. BENNET. No, sir.

Senator COUZENS. It is new information?

Mr. BENNET. Both.

Senator COUZENS. If it is new information it may be filed. If it is old stuff we don't want it.

Mr. BENNET. The Northern Hemlock and Hardwood Association did not file any brief with the House committee, and Mr. Jones tells me that his brief is entirely new information.

Senator COUZENS. Is that all, Mr. Bennet?

Mr. BENNET. For the information of the committee, I would like to put into the record the very latest information on hardwood exports, which is an article by J. C. Nellis, the chief of the lumber division of the Department of Commerce, and also the graph which goes with it. Both are dated May 13, 1929, since the House hearings.

Senator COUZENS. They may be filed as exhibits.

Mr. BENNET. These exhibits answer one thing that may come up before the committee. The statement is made quite often that this paragraph 402 is a tariff on hardwoods. It is not a tariff on hardwoods. As it stands to-day it is a tariff on maple and birch lumber, but ought to be maple, beech, and birch lumber. But the gentlemen who use that language in connection with Canada always talk about hardwood and our exports to Canada.

What we export to Canada very largely is oak. Fifty per cent of the hardwood, or substantially that amount, from the United States to Canada, is oak. Canada does not produce any oak.

This paragraph is not seeking to put a tariff on oak. So comparisons of hardwood with this paragraph, which is maple and birch, are wrong.

Now, I would like to say one word about the New England situation, and that is this. If this manufacture is once encouraged it will be a tremendous thing for New England. There are 10,000,000,000 standing feet of maple and birch in New England. It is largely going to waste and there are two markets for it that they ought to be utilizing. One is their local market. The other is a new market, which we have called the Panama Canal market.

There is no reason in the world, Senator, why the New England States, which consist of 70 per cent of either forests or cut-over lands or abandoned farms, should not be marketing their hardwood through the Panama Canal on the Pacific coast. On the through rate they can beat Wisconsin and Michigan. And it is all one country, and there is no reason why that American product in New England should be allowed to rot like it is doing to-day. And it will continue to rot unless they have a tariff under which they can produce it.

They are repeating in New England what Arkansas and Texas did 30 years ago, when Michigan and Wisconsin used to ship pine right through the pine forests of Arkansas and Texas to Houston and San Antonio and the other places. And to-day Canada is shipping hardwood to Gardener and Worcester and other towns in New England right through the hardwood forests from Canada.

Senator COUZENS. I hope our colleague from New Hampshire will try and do something about it.

Senator KEYES. We have some idea of the situation up there.

FURTHER STATEMENT OF HON. WILLIAM S. BENNET

(The witness had been previously sworn.)

Mr. BENNET. Senator Couzens, I felt on reflection that I did not answer one of your questions entirely adequately and correctly. You asked me if at the meetings of the northern hemlock and hardwood associations prices were discussed and I said they were not, which is correct, because every trade association is always advised by its attorneys that they have no right to discuss prices at the meetings, but I felt hypocritical, frankly, because I never attended any of the meetings where both before and after the meetings that those that were there, the manufacturers, did not discuss prices. That has always been so and will always be so. But your question was whether at the meetings of the association the prices were discussed. They are not.

Senator COUZENS. Of course there is no record in the minutes of that?

Mr. BENNET. No. This is what happens. Some man will get up and say, "Now, I think the price of No. 1 ought to be more," and some attorney like ex-Senator Bailey, who was our attorney until he died, will get up and say, "I want to call the gentleman's attention to the fact that we have no right to discuss prices at an association meeting."

Senator COUZENS. Of course, if you have luncheons and dinners afterwards there is no objection to discussing prices then, is there?

Mr. BENNET. That started in the Garden of Eden and has continued ever since, and will continue until human nature changes.

You asked me another question. I can answer that. You asked me what my explanation was of the retailers' attitude. I want to make it clear that the retailers are not protesting, as far as I have seen, with one exception, which I will mention, against the tariff in paragraph 402 on maple and birch; and I put into the record yesterday a statement from A. W. Cooper, who represents them. He states that they are not interested in maple and birch.

I have a short letter here from the Brownlee Co., of Detroit, Mich., explaining the whole situation.

Senator COUZENS. I understand that they are opposed to the tariff on softwood and shingles. Is that right?

Mr. BENNET. Yes, sir.

Senator COUZENS. You may read the letter.

Mr. BENNET (reading):

DETROIT, MICH., May 9, 1929.

KNEELAND-BIGELOW Co.,
Bay City, Mich.

GENTLEMEN: A most surprising thing has happened in connection with the tariff legislation bill before the National House of Representatives at Washington. We have just discovered that a 21-page pamphlet has been printed and no doubt used before members of the Ways and Means Committee at Washington, and that this remarkable pamphlet bears the names of three companies, of which we are one. It is entitled, "Brief in Opposition to the Proposed Tariff on Imports of Birch and Maple Lumber and Flooring from Canada." We not only did not sign or authorize to be signed by us this document, but we had no knowledge whatever that such a document was being prepared or was in existence. We absolutely and unqualifiedly disclaim any responsibility for it.

I understand that the Brownlee Co. are very high-class people of Detroit. Their names were signed without authority and they wrote to the Kneeland-Bigelow Co. and explained that to them. Then, as to the machinery of the other:

Some months ago a salesman who represents in this territory one of the large manufacturers of white pine and other softwood lumber operating both in Canada and in the United States called at our office and talked with one of our officials regarding a suggested duty on white-pine lumber. He asked if we would be in favor of such a duty and the member of our staff with whom he talked said he would not be. He then asked if we would be willing to join other Michigan lumbermen in protesting against the imposition of a duty on white-pine lumber. We said we would have no objection to taking this position if a large number of others in the trade took the same view. Absolutely nothing was said in the course of the above talk about hardwood lumber or hardwood flooring. We did not even know until very recently that the Ways and Means Committee was considering the imposition of a duty on hardwood lumber.

We assume, although we do not know, that the brief above referred to emanated from the manufacturing concern whose salesman approached us on the white-pine question, but we have no idea who actually wrote the brief and know nothing whatever as to the truth or falsity of the statements in said brief.

I notice from your calendar that Mr. E. R. Plunkett, one of the three signers, will be before your committee this morning and you might find that out.

As you know, we are manufacturers of northern Michigan hardwood lumber, principally maple and birch, and we sell a considerable part of our product to manufacturers of maple flooring. Our interests lie with those of the flooring manufacturers and manufacturers of maple and birch lumber.

Naturally we are investigating the source of the brief above referred to and will find out as soon as possible who caused our names to be signed to the document.

Yours very truly,

BROWNLEE Co.
By W. E. BROWNLEE, *President.*

Senator COUZENS. Do you sell any birch and maple flooring?

Mr. BENNET. No, sir.

Senator COUZENS. You do not sell any of that?

Mr. BENNET. None at all.

Senator COUZENS. So you are not interested in the tariff one way or another?

Mr. BENNET. Except as an individual. I think they ought to have a tariff. There is a 25 per cent tariff against them. They can not ship into Canada, and besides that there is the difference in cost.

You also asked me, Senator, what the difference in the Canadian cost was as applied to maple, beech, and birch, and I told you my rough judgment was 20 per cent, and that it came from the lower cost in the woods. Mr. Jones, a former member of the House of Representatives from Pennsylvania, who has mills in northern New York, handed me his brief last night with permission to put it in the record, but before doing so I will call your attention to the fact that he has operated mills in Canada and in New York.

In their woods, labor in Canada is \$48 a month and board. Woods labor in New York gets \$91 a month and board, which, taking into account the fact that their mills labor is about equal, makes about 20 per cent. In one file there is a complete exposition of the entire question.

You also asked me, Senator, a question in relation to conservation which I happen to know personally you are very greatly interested

in. I would like to insert in the record a letter which I wrote to Representative Bacharach which deals with that matter.

Senator COUZENS. Without objection that will be done.

Mr. BENNET. I also file for the record the brief of the Northern Hemlock and Hardwood Manufacturers' Association of Wisconsin and Michigan, permission for the filing of the same having been given to me yesterday.

There is just one other thing. I understand that the statement was made yesterday that the lumber in this country would be exhausted in 18 years. The Hinds people happen to be investing \$3,000,000 in eastern Oregon under a logging contract with the Government. In the national forest there the plan of management of the Government is based on the doctrine of the sustained yield which must be the foundation of the lumber conservation of this country, because 27½ per cent of the standing timber of the country is either owned by the Nation or the State. The plan of management of that forest is now made for the next 180 years.

We are building a steel frame mill, one shed a half mile long, dry kiln, that cost us \$750,000, 50 miles of standard-gauge railroad, which we would not be doing if we thought the lumber would be exhausted in 18 years.

Senator COUZENS. What is the general condition of the lumber industry?

Mr. BENNET. Financially or otherwise?

Senator COUZENS. Well, how would you measure it?

Mr. BENNET. I am somewhat of a conservationist, but I will take it from both ends. Financially, frankly the southern long leaf pine industry is in good shape.

The west coast for the last four or five years has been bordering on bankruptcy, but in 1928 it increased in realization about \$1.43 a thousand and is just about breaking even. It is a little bit better.

The California redwood is in pretty good shape, and, incidentally, that industry is reforested to the extent of 80 per cent of the cut. One family in Detroit, the Murphy family, owns the Pacific Redwood Co., and they count on perpetual production.

The North Carolina pine is in fair shape. Our northern hemlock and hardwood are not. Very few mills are making money and we do not have to rely on guesswork in relation to that in Wisconsin, because they have a law there under which the income-tax reports are open to everybody; we can go and look at our own income-tax reports or the income-tax reports of our competitors. Anybody can do that.

In New England in the softwoods they are leading us all in the matter of reforestation and proper utilization of woods. I know, Senator, that you are interested in reforestation. Eighteen of the States now have adopted laws encouraging reforestation, and the interesting thing to me is that the State that has the most standing timber, Oregon, has now the best law. I can state that to you very briefly. When an acre of land is cut over, the assessors of that county take into consideration whether that land should be maintained for forest purposes. If they decide that it should the owner can appeal. If they decide that it should not any taxpayer can appeal. If they decide that it shall be maintained, then the owner pays 5 cents an acre per year forest fee. He can not cut his product until he gets permission of the county authorities and when he does he pays 12 per cent.

Since you went south in 1923 Michigan, Wisconsin, Minnesota, every one of the Lake States, have adopted either constitutional amendments or statutes tending to encourage reforestation. My reasonable belief is that the wood industry of this country is a perpetual proposition.

Senator COUZENS. Do you believe that the repeal of the ad valorem tax and the adoption of a separation tax is a good scheme?

Mr. BENNET. Like they have in Louisiana?

Senator COUZENS. Yes.

Mr. BENNET. If it is kept within reasonable bounds, yes. I think the Louisiana statute is a good one and the fact is there is more hardwood. The Tuscaloosa people and a half dozen others are reforesting for perpetual use. In California the Long-Bell people, probably the largest lumber manufacturers in the world, expect their plant of wood to continue forever.

The crux of the whole situation is the tax law. You can not tax standing timber the same as you do a farm and have much reforestation, but it is extremely encouraging that 18 States have passed these statutes. I am proud to say that my native State of New York in that regard leads the country. They are doing more reforestation than any other State, and this year they are very seriously considering, and I think they will adopt, a proposition to bond the State for \$100,000,000 to do absolutely every piece of reforesting that ought to be done in New York State.

Senator COUZENS. Do you know my friend, James E. Dannaher, the lumber man in Michigan?

Mr. BENNET. Very well, indeed.

Senator COUZENS. He writes me the most pathetic letter as to the terrific and terrible condition of the lumber industry as a whole. You do not agree with him?

Mr. BENNET. I have not seen the letters, but the views I give I think are accurate.

Senator COUZENS. I mean your views disagree with his views.

Mr. BENNET. Of course, Jim Dannaher was in the lumber business before I was born. I think, however, if he were asked whether conditions on the west coast are better or worse to-day he would say better. He has large investments on the west coast. He is correct in his statement that the realization is not what it is in most industries. He can send you, and I can send you, what John Bloedel put into the record; that is, what the City National Bank found when they tried to make a merger on the west coast of big companies, that there had not been any earnings on which to make a merger.

(Mr. Bennet submitted the following letter and brief:)

APRIL 1, 1929.

Hon. ISAAC BACHARACH,
Atlantic City, N. J.

MY DEAR BACHARACH: I did not quite catch the question that you asked Representative Newton at the hearing on February 23, but when I got the printed copy I found it on page 8471, as follows:

"Mr. BACHARACH. I have never been able to get any information that has satisfied me. In other words, I have never been able to get the Tariff Commission to tell me that our forests are being so completely depleted that we have to have protection by allowing free timber to come in from elsewhere."

This question, if I may be permitted to say so, indicates that you have given the forestry question a good deal of well-considered thought. It also indicates that you take more than a passing interest in the question.

As I am in the business and have had an opportunity to learn some facts that naturally you would not, it gives me real and genuine personal pleasure to bring them to your attention.

Our sources are not being "so completely depleted that we have to have protection by allowing free timber to come in from elsewhere." We share with Sweden and Switzerland the distinction of having adopted a forest policy, or rather of having become forest minded long enough before our original supply of timber is exhausted so that we still have an opportunity to make timber a permanent product in the United States in the same way that Sweden, Switzerland, France, and Germany have done. There is this distinction between ourselves and France and Germany, that neither of those countries started in with the forest plan until they were practically denuded of timber, while Sweden and Switzerland started their plans while they still had large supplies, and we are doing the same thing.

Discussion of the lumber question, as the situation existed when I was elected to Congress in 1904 and as it exists to-day, 25 years is later, the discussion of two entirely different states of fact. Then, there was probably not one well qualified American-trained forest engineer. Today, there are scores, if not hundreds. Then, when one started to make a research as to forestry, he was practically limited to the Yale School of Forestry, Gifford Pinchot and George W. Vanderbilt's work at Biltmore, N. C.

To-day, more than half the States have schools which are teaching forestry, quite generally as a department of a State university or a State college, while scores of private owners are practicing forestry methods of various sorts in connection with their standing timber. I think that in 1904 New York State had passed a somewhat advanced forestry act, but if it had, it was the only State that had one. To-day there are forestry acts with modern provisions in the following States: Alabama, California, Connecticut, Delaware, Iowa, Louisiana, Maine, Massachusetts, Michigan, Minnesota, New Hampshire, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, and Wisconsin.

It is interesting to note that Oregon, which has more standing timber than any other State has, this winter passed what many experts state to be the best of the State forestry acts so far passed.

Then, not one single species of lumber was either recognizing the possibility of reforestation or practicing it in any degree. To-day Carolina pine, both long-leaf and short-leaf southern yellow pine, fir, spruce, and redwood are teaching the benefits of reforestation and, to some extent, practicing it. Growers of hemlock and hardwood in Wisconsin and Michigan are also, to a certain extent, and I hear of movements in California, of which, however, I have not enough knowledge to write you with any degree of authority. The redwood industry in California is reforesting and replanting to 80 per cent of the cut.

The Federal Government, through its Forest Bureau, Department of Agriculture, has always, in connection with the national forest, followed a forest policy based on the doctrine of sustained yield. This policy is not to allow any more timber to be cut in any one year in the national forests than will equal the growth for that year. This is extremely important, as 27½ per cent of the estimated standing timber in the United States is in the hands of the Government or of the several States. The present per capita use of lumber in the United States is 210 feet annually. The present annual per capita use in Germany is 37 feet and in France 25 feet. The national forests are supplying about 1,000,000,000 feet of softwoods annually and the Forest Service is on record as stating that the national forests are capable of supplying about 7,000,000,000 feet annually of softwoods without injury to the permanent production from the forests. The reasons that they are not doing this now is that private forests are largely supplying the markets, and in addition some of the national-forest timber is not presently accessible. As our present use of softwoods is about 38,000,000,000 feet annually and as 7,000,000,000 feet is nearly one-fifth of 38,000,000,000 feet, and as our national consumption is 210 feet per capita annually, it is evident that the national forests alone can permanently, when called upon to do so, supply us under the sustained-yield policy of the Forest Service with 40 feet per annum, or more than is now being used by either Germany or France. But we do not wish to decrease the use of wood to 40 feet per capita and for the difference, we must look to the forests owned by the several States, the farm holdings, and the proper use of private holdings.

I happen to know something about the Government plans, because I am an officer of the Edward Hines Western Pine Co., which has recently signed a contract with the Forest Service covering a unit in the Malheur National Forest in eastern Oregon, which unit is the largest amount of national-forest timber

which the Government has as yet put up for competitive bidding under the doctrine of the sustained yield. The Government plans have not been completed as to the whole Malheur National Forest, but, so far as they have been completed, they relate to the ensuing 180 years.

Next to the Government holdings, the largest holdings are those of the farmers, an aggregate of 157,000,000 acres. Your State of New Jersey, for instance, with its 4,800,000 acres of surface, is credited with 2,000,000 acres of wooded lands. The farmers of New Jersey have understood the value of timber for a good many generations. Nearly 100 years ago my own grandfather bought standing timber at some little distance from his farm in Wantage Township, Sussex County, N. J., because he believed trees to be a valuable asset. He has on his 200-acre farm also a large wood lot besides trees of various characters in almost every field. The timber owners of Maine have cut six crops of white pine from the same acreage in the last 250 years. I do not mean that these crops were all saw timber. They were not. A great part of them were poles, railroad ties and other small uses, but the standing timber of Maine has been a valuable resource to that State for eight generations and continues to be such. As a matter of fact, the timber supply of every Eastern State is growing as the area of farms decreases. Some States, like New York and Pennsylvania, are planting millions of trees annually and practically every New England State has a forward looking, practical, forestry program. Connecticut has a well-intentioned statute, which, however, is not extensively used because it is rather complicated and hard to understand.

Some of the largest private operators are already following out some form of forestry which they believe will be successful. Mr. Henry Hardtner in Louisiana is not only following this course himself, but has persuaded a number of others to do so. The Great Southern Lumber Co. at Bogalusa, La., is reforesting largely, mostly for paper-mill purposes, although some of its timber, in all probability, will be saw timber. Mr. W. H. S. Tatum of Hattiesburg, Miss., has been practicing selective cutting for nearly 30 years. In the West, the best known operators, who are engaged in this work, are the Long Bell Lumber Co., of Longview, Wash., and the Weyerhaeuser interests who have just started in on the doctrine of the "sustained yield" on a large acreage of white pine in Idaho. The Crown-Zellerbach Paper Co. in Oregon has a large nursery and plants several million trees yearly. As to the length of time necessary to grow softwoods, your colleague on the committee, Mr. Douthton of North Carolina, would, I am sure, be able to give you instance after instance where Carolina pine has been cut after a growth of between 35 and 40 years. Mr. Collier, of Mississippi, could take you to places in Neshoba and other central Mississippi counties and show you short-leaf pine being cut, also about 35 years old.

Our own company has owned merchantable pine timber on the Pearl River in Pearl River County, standing in fields where the plough furrows were distinctly visible when we bought the timber in 1906. The Douglas fir of the West can be regrown for sawmill purposes in about 60 years. The long leaf yellow pine of the South requires 70 years, but the short leaf, as I have indicated, can be regrown in less than 40 years.

All along the Atlantic coast, from Virginia to Texas, is a stretch of country of very little value for agriculture, but admirably adapted to the growing of softwood timber. When proper tax laws are passed by the various States, protection given against fire, and in some places against the razor-back log pine, of the character which comes to maturity in from 35 to 40 years, will grow and be grown all along this area. In my opinion, the future of America as a wood-producing nation can easily be secured and it is reasonably certain that it will be done. Tariff will help. When I went into the lumber business in 1920, the southern lumber manufacturer in Mississippi and Louisiana was getting a good price for his product. The result was that he was bringing out of the woods trees which would make nothing better than No. 3 common lumber and which were also producing No. 4. These are the two lowest grades of Southern long leaf yellow pine. In 1921 the price of lumber had greatly fallen. No. 3 and No. 4 could no longer be profitably sold, so those trees were left in the woods. They had to be, as no one could afford to manufacture trees into lumber and sell the lumber at a loss. This meant that in 1921 the lumber manufacturer brought to the sawmill 10 per cent less of the trees per acre. In 1923 lumber prices were again good, again No. 3 and No. 4 could be manufactured and sold at a slight profit and again the defective trees were brought from the forest. When lumber prices went down in 1924 these trees were not brought out of the forest, which again meant a 10 per cent less yield per acre.

The same thing is true in Oregon and Washington in relation to fir and spruce. At times of good prices for lumber, the logger brings out of the woods, and either

sells or uses, the top log which is good sound lumber but is coarse and knotted as compared with the lower logs. In times such as the present when the log market is weak, these top logs are necessarily left in the woods because they can not be sold as logs, or their product, when manufactured into lumber. This probably amounts to more than the 10 per cent difference in the Southern long leaf yellow pine. The difference in connection with the western hemlock is even greater. The use of this wood at all is comparatively recent and therefore its market is more limited, although it is a good wood and very useful. Just now when the market for logs is weak, possibly 20 per cent more of this wood is being left in the woods than when the price is higher and the market stronger, and in some instances, although these are exceptional, as much as 40 per cent of this western hemlock is left in the woods. The lumberman is not to blame. It is not economically right for him to bring trees out of the forest, the product of which he must sell at a loss. Most trees are more or less defective. The butt log may be defective (No. 3 and No. 4) or some other portion of the tree; while the rest of the tree may be merchantable, and so during periods of depressed prices, 10 per cent to 40 per cent, even, of the tree that has been cut down, may be left in the woods. On lands which are to be reforested, it is not objectionable to leave trees standing—for they may be cut later on, and, in the meantime, will act as seed trees, but when trees are down, what is left in the woods is certain waste and adds to fire and bug hazards.

It is my belief that if the 25 per cent ad valorem tariff were put on lumber, the lumber manufacturer would get about 15 per cent more for his product. This 15 per cent would be absorbed by the wholesaler and the retailer. I do not believe that the consumer will pay any more than he now does. When the tariff on lumber was reduced in 1909 from \$2 a thousand to \$1.25, the consumer did not get a lower price. When the tariff was entirely removed in 1913, the consumer got no lower price. If a 25 per cent tariff were now put on, the competition of stone, brick, concrete, and steel would prevent the consumer from having to pay more. Concededly, the owner of standing timber would get more in some instances. If he did, he would bring more per acre of the standing timber to the sawmill and would turn it into lumber because he could afford to. The amount of standing timber in the United States is estimated by the Forest Service as 2,214,000,000,000 feet. Of this, about 1,000,000,000,000 feet is in the hands of either sawmill owners or those who are holding the timber for sawmill uses. If these people got a 15 per cent increase in the price, they would bring out 100,000,000,000 feet more in timber for sawmill purposes, and if the private owners commenced utilizing inferior and defective trees, the Government and the farm owners could and would do the same thing, so that it would be proper to figure the 10 per cent on the whole amount or 221,400,000,000 feet which at the present rate of consumption, would extend the life of our forests 6½ years. I know, personally, this to be the real conservation situation because I have seen defective logs and trees brought out of the Mississippi forests in 1920 and 1923 and have seen the same logs and trees left in the woods in other years when prices were not good.

A good many statistics can and will be used for and against a tariff on lumber, but no honest lumberman will deny that when lumber prices are high, more timber per acre is brought out of the woods and sawn into lumber and, that being the fact, if the tariff increases the price received by the Government, the farmers, and the sawmill man for their standing trees, as I hope it will, that will increase the life of our present forests somewhere around 6½ years (in my opinion longer), and may mean the bridge of the gap between the use of the last of the old forests and the use of the first of the new. These are some of the reasons why tariff commission never has and never will supply you or anyone else with figures to show "that our forests are being so completely depleted that we have to have protection by allowing free timber to come in elsewhere."

Great stress is laid upon the necessity of importing lumber free from Canada so as to conserve our forests.

I have already shown incontestably that we can assure ourselves of a permanent supply of wood.

It will interest and surprise you to learn that Canada is not in a condition to give us very much assistance. On April 23, 1928, I presided at the American Forest Week Luncheon held in Chicago. The principal speaker was Hon. Arthur Meighen, Canada, formerly premier, and a man extremely familiar with Canadian forest conditions. I had his speech stenographically taken, transcribed, and revised by him. Among other things Mr. Meighen said:

"We are exhausting our timber resources to a greater degree because we have not as yet controlled fires as well as you have done nor have we gone quite so far in the control of forest insects and diseases. I do not, therefore, come to the United States to press home lessons on you which we do not need at home; but there is no people needing them so definitely, so emphatically as we do ourselves. We are dissipating our forest wealth faster than is any other country in the world. We once had 925,000,000,000 cubic feet of timber. We have used it prodigally. Our logging operations have been wasteful to a degree. We have shipped lumber all over the world, and after all our extravagance we have got the use of only 13 per cent of what we were endowed with by nature. If nothing else in the way of depletion had gone on we would have been all right, but so careless have been our people—so careless have been our Governments—that we have lost 60 per cent by fire and we have only 27 per cent left.

"At the rate we are going in the Dominion we are having burned up every year and having eaten up every year more timber—how much more it is difficult to state exactly, but certainly more than we are using for all purposes—for fuel, lumber, pulp, and paper. And at the extravagant and reckless pace we are proceeding, the available wood resources of our country will be exhausted in something under 25 years. There are, of course, other very limited wood resources far beyond the regions of present industrial activity, but we must not so soon have to resort to such territories; we have no right to send posterity there in search of timber merely because of our prodigality. Even including those territories, considering the increased exhaustion of timber year after year for useful purposes, we are visibly within the end of all resources in the world of wood.

"You started scientific forest conservation twenty-five years before we did. You, therefore, do not suffer timber losses from fire and insects in the alarming proportion we do."

From this you will see that to obtain permanent wood production in the United States we can not look to Canada but must look to ourselves.

In connection with Canada, several very well-informed lumbermen have told me that Canada, with the aid of her 25 per cent tariff against our dressed lumber, sells her dressed lumber in Canada at higher prices than American lumbermen get for similar lumber in the United States; and protect their home market by dumping their surplus dressed lumber in the American market—particularly their low-grade lumber.

While I believe this because of the character of the men who made the statement to me, I have not made an exhaustive investigation and, therefore, state this to you merely as the firm belief of experienced lumber manufacturers in the United States.

So far in this letter I have stated facts on the theory that in order to have a permanent production of wood we must continue to grow trees, so far as saw timber is concerned, to diameters of 10 inches and up. This is entirely overlooking the fact that in several places real wood is now being manufactured from wood waste. This is now being done commercially by the Wood Conversion Co., Cloquet, Minn., and by the Masonite Co., Laurel, Miss., the product of the first being called "Nu-wood" and of the second "Masonite." A company is now being formed with a capital of several million dollars and for the same purpose in Portland, Oregon. The name of its product is "Fir-tex." It is my firm belief that inside of 25 years trees which are grown thickly to a 3-inch diameter will be cut like a crop and manufactured into boards. I shall endeavor to have the people at Cloquet and Laurel each send you a sample of their product so that you can see for yourself that wood is now being manufactured commercially from wood waste. Of course, if these processes prove out, the entire future of the lumber industry is revolutionized.

As the subject is important, I would appreciate it if you would put this letter in the files of the Ways and Means Committee, and I am sending a copy to each Senator and Representative.

I am also inclosing a complete copy of Mr. Meighen's speech, which I would appreciate if you would put in the files of the committee.

With personal regards,

Very truly yours,

WILLIAM S. BENNET.

BRIEF OF THE NORTHERN HEMLOCK AND HARDWOOD MANUFACTURERS' ASSOCIATION OF WISCONSIN AND MICHIGAN

The Northern Hemlock and Hardwood Manufacturers' Association is the only organized voice of the birch and maple sawmills of Michigan and Wisconsin. The prosperity of 400 mills, large and small, the wages paid to local labor in large part drawn from farms in winter, and the business health of northern Wisconsin and northern Michigan depend largely upon the economic situation of the birch and maple industry. Wages are depressed and employment curtailed on account of the competitive situation. Therefore this association requests a tariff on birch and maple for the following reasons:

1. *Canadian imports in increasing quantity are occupying our principal markets with disastrous effect to Wisconsin-Michigan sawmill labor and woods labor, and to the surrounding communities.*—The bulk of the high-grade species of birch is produced in Wisconsin and Michigan, the combined production in the two States approximating 300,000,000 feet. The Canadian production of birch (which is increasing) is between 95,000,000 and 100,000,000 feet. Wisconsin and Michigan produce about 600,000,000 feet of maple, but a portion of this is soft maple. It is the hard maple of this region which has won high standing in the consuming markets. The increasing Canadian maple production is now over 50,000,000 feet. Birch and maple are not woods used in the construction of barns or farm buildings but go very largely to wood-manufacturing industries requiring high-grade cabinet woods. It happens that these factory consuming markets are chiefly in the northeastern quarter of the United States, and closer to Canadian producers than to Wisconsin-Michigan forests. They readily take our best markets while we are in part barred from the smaller Canadian markets nearer our mills by the Canadian 25 per cent ad valorem tariff on our product.

The adjustment of freight rates following the war, made to protect American labor on American railroads has adversely affected the Wisconsin-Michigan producers as compared with birch and maple producers in Canada. Local producers have had to pay a higher freight increase. Our pre-war rate from Rhineland, Wis., to Grand Rapids, Mich., was 17.4 cents and the present rate is 27.5 cents. Our rate to Cleveland, Ohio, has been increased from 20.5 cents to 32 cents; to Syracuse, N. Y., from 27.5 cents to 40 cents; to Philadelphia, Pa., from 29 cents to 45.5 cents; to New York City from 31 cents to 44.5 cents, or an average increase of more than \$5 per thousand feet of birch and maple. The Canadian rates have not been increased to the same extent.

Wisconsin and Michigan mills have spent large sums of money in advertising birch and hard maple, in conducting industrial research to increase efficiency in use, and in making forestry surveys to prolong the supply.

The Canadian producers have not contributed to advertising or research in this country, but with the changing freight rate to their advantage enjoy the benefits of this industrial work. While our freight rates are 50 per cent higher than pre-war rates, the Canadian roads have made readjustments so that their rates are not much different from the pre-war rates.

The following table shows the freight rate advantage which Canadian mills have over the Lake States mills in reaching birch and maple markets.

	From Rhineland, Wis.	From Mount Laurier, Quebec	From Muskoka, Canada		From Rhineland, Wis.	From Mount Laurier, Quebec	From Muskoka, Canada
	Cents	Cents	Cents		Cents	Cents	Cents
Detroit, Mich.....	30½	32	23	Portland, Me.....	46½	34	32
Buffalo, N. Y.....	35½	31½	18½	Syracuse, N. Y.....	40	29	.....
Philadelphia, Pa....	42½	42½	36	Mount Whittier, N. H.....	47	34	.....
Boston, Mass.....	46½	34	32	Toronto, Can.....	37	23.5	.....
New York.....	44½	34	36				

The advantage in favor of Canadian mills is from 7½ cents to 17 cents with an average advantage of approximately 12.5 cents per 100 pounds, which is the equivalent of \$5 per thousand, due to freight rates alone. This has gradually come about in a tariff-protected country through the adjustment of railroad wages to their proper level. Employment and wages of the birch producers require a tariff to adjust them to the freight rate labor changes.

The tariff has made railroad wages what they are, and ensuing adjustment in rates on birch and maple to the principal markets is placing the business in the hands of foreign producers. The Wisconsin-Michigan producers who have no protection at all, at present, feel that they are entitled to an equitable tariff.

2. *Soviet Russia is planning to increase birch shipments to the United States.*—R. W. Condon, general chairman, lumber industry tariff committee in a brief on page 9500 "Hearings Before Committee on Ways and Means," volume 15, Schedule 15, says:

"*Russian menace.*—Russian lumber exports to the United States is just beginning. Russian timber stands are among the finest in the world and nationalized. Russian labor receives a total of 40 cents per day as wages, and comparability of Russian production costs with American costs is valueless at present. The timber in Russia was confiscated by the Soviet Government from its former owners * * *."

In the same book, page 9518, John W. Blodgett, former president of the National Lumber Manufacturers' Association said:

"The point I especially want to call the committee's attention to this morning is the menace—for it is a menace—to the lumber industry from Soviet Russia. Its forest resources are very great and its lumber output can be expanded accordingly."

Department of Commerce reports show Russian lumber imports to the United States practically negligible in 1925; 5,000,000 feet in 1927; 20,000,000 feet in 1928.

On page 2875 of volume 4, Schedule 4, "Hearings before the Committee on Ways and Means," brief of the Plywood Manufacturers' Association, are statements showing how Russian birch veneer is being imported at prices ruinous to the local birch veneer producers. Russia has large birch forests and can place birch lumber in the eastern market on the basis of Russian wages and Government-owned timber.

3. *Birch and maple logging and sawmill operations employ winter farm labor and buy local farm products.*—The birch and maple mill and woods operations are largely conducted in the farming belt where farmers have taken up cut-over hardwood lands. Farmers and their sons find winter employment in the woods and sell much that they produce in food, milk, grains, and meat to the local operators. The northern cut-over land farmer is vitally affected by the prosperity and activity of the local woods operations. (See attached letter.)

4. *Birch and maple are cabinet woods not in demand for construction of farm houses, barns, and farm buildings.*—The birch and maple producers also manufacture northern hemlock, which is the principal building and construction wood of Wisconsin and Michigan. No tariff is asked on hemlock. It is apparent, therefore, that the farmers and workers of Wisconsin and Michigan will benefit from any action which will bring the maple-birch industry back to prosperous conditions.

5. *The Wisconsin-Michigan birch and maple industry is not prosperous.*—The condition of the local lumber industry in recent years is evidenced by the failure of operators at various points in Wisconsin and Michigan. The association office does not have financial statements from the sawmills but has letters on file from different members asserting that they have not paid any dividends during the past half dozen years. The wages now being paid are at the lowest point since 1922. Common labor at the sawmills is now averaging 30 cents an hour, and in some localities is down to 25 cents per hour. It is likely that wages are down to, or lower than, the Canadian level, as the competitive situation has resulted in placing this industry below the normal American level.

6. *The lumber industry of northern Wisconsin and northern Michigan is the economic backbone of the region.* The northern part of each State contains many sawmills, approximately 200 in each State, according to the Government census of 1925. Very many towns exist because of these mills. The timber operation often pays most of the taxes which build roads and schools. The heavy tonnage given to the railroads has made it possible to continue these lines and to maintain fair freight rates on farm products. The southern half of each State has developed many industries which are thus located on account of accessibility to the local timber. The number of people who are directly and indirectly affected by the prosperity of the Wisconsin-Michigan wood-consuming and wood-producing units must necessarily be a very large proportion of the inhabitants. Many northern farmers exist on their farms during the present period because they can sell their crops to timber operators and find winter employment in the woods and mills. Therefore, it is important that the birch and maple industry of this region be placed on a fair economic basis. That is a basic re-

quirement for a continuation of present efforts for reforestation, selective cutting, and the expenditure of private funds looking to a continued timber supply which will maintain this economic fabric.

NORTHERN HEMLOCK & HARDWOOD MANUFACTURERS ASSOCIATION.
O. T. SWAN, *Secretary-Manager.*

C. C. COLLINS LUMBER Co.,
Rhineland, Wis., June 6, 1929.

O. T. SWAN, *Oshkosh, Wis.*

DEAR SIR: I am referring to your letter of June 4.

We have misplaced the figures which C. C. drew up once upon a time on the subject, and to actually dig them out and give you dollars and cents figures requires too much work for us to do just now.

You have probably written to several others on this same subject and some of them will have the figures available and give them to you. You can almost arrive at an approximate value, as to the amount of farm products used by the mills in this section, by one mill's figures.

I will have to reply, therefore, in a rather general way.

As you of course know, our logging operations this last winter haven't been very heavy, but, even at that, we used an enormous quantity of peas, corn, milk, and meat. The peas and corn, for instance, we served on the camp table at least twice a day and milk three times a day. The milk was condensed milk. We buy meat from farmers whenever we can get it at a reasonable price.

Last winter we purchased two carloads of potatoes from farmers in this section, as well as one carload of mixed vegetables.

We rented, during the winter, two carloads of horses from farmers in this section and we purchased in this section a car of hay a week during the entire year.

During the winter of 1928 and 1929 we and the Thunder Lake Lumber Co. purchased all of the oats produced in this immediate section. There was not enough oats produced to take care of our requirements.

Another side of the picture is that, when we were operating heavily, in our logging operations each winter we hired an enormous number of farmers to work in the woods. I can recall three years ago two camps of 80 men composed entirely of farmers from around the district between Stevens Point and Portage. Practically all of the farmers in this section go into the woods during the winter months, inasmuch as they have little or nothing to do.

Some of them have their own small logging operation for taking timber off their farms, which timber is largely pulpwood, with a few logs. They have to have an outlet for these logs and we have purchased around a half million feet of logs from farmers in and around Rhineland this winter. The logs are practically all birch and maple.

To the farmers around Rhineland this institution is almost essential. They would be lost without it, and I think the same thing is true about every sawmill concern located in the State. Most of them are almost invaluable as far as the farmer in this half of the State is concerned.

We started this week selling milk to our employees in the mill, and so far we have only been able to arrange to distribute milk among the sawmill employees. This milk is sold to them at actual cost. We charge nothing for the cost of serving this milk to the employees. Last night and to-day we have distributed 200 pints of milk, and I believe before another week goes by the sawmill alone will be using 300 pints of milk every 24 hours. Think what a difference that makes to the farmer in this immediate section.

Yours very truly,

C. C. COLLINS LUMBER Co.
HAROLD C. COLLINS, *Treasurer.*

WISCONSIN LAND & LUMBER Co.,
Hermansville, Mich., June 5, 1929.

Mr. O. T. SWAN,
*Secretary-Manager Northern Hemlock and
Hardwood Manufacturers Association, Oshkosh, Wis.*

DEAR MR. SWAN: Answering yours of the 4th, our normal cut of logs at the two mills is about 20,000,000 feet of all kinds of timber. The maple is mostly manufactured into flooring, of which we normally make from ten to twelve

million feet per year. We cut about half to three-fourths of the logs from our own timberlands and purchase the balance of the logs needed to make about twenty to twenty-two or twenty-three million.

About 25 per cent of all of the men employed in our sawmills, flooring factory, and woods operations are local farmers. Of the crews of our jobbers and those from whom we purchase logs we believe that from 25 per cent to 50 per cent are farmers.

If we were to discontinue our operations here at Hermansville entirely, we are quite sure that from 50 per cent to 75 per cent of all of the agricultural land in the immediate vicinity would be abandoned, as nearly all of the farmers are dependent upon at least part-time employment at our plant, or one or more members of the family work at the plant almost the year around while the remainder of the family work the farm.

For our store, commissaries, and camps we purchase all the potatoes used from local farmers and we also purchase about 25 per cent of the hay used, raising the balance ourselves. There are not enough oats raised locally so that we have to purchase practically all of our oats outside.

We are concerned about the conservation and complete utilization of our remaining stands of birch and maple timber. Cutthroat competition caused by production of cheap foreign material in the market results in rapid forced liquidation of our remaining virgin-timber supply and a very wasteful method of manufacture, because standing timber becomes then an asset rather than a liability. Furthermore, it is of the greatest economic importance to the Lake States especially, that encouragement be given the reforestation of our cut-over lands and the protection of the young growth already started. Permitting competition of imported woods reduces the incentive for the raising of a future crop of timber, which is very important to the economic welfare of this section of the country at the present time. The future value of diminutive acres of lands in Wisconsin and Michigan depends very largely upon whether there is sufficient incentive to encourage the growth of another crop of timber. This is really a matter of land utilization and a form of agriculture.

Unless the maple and birch lumber industry can be stabilized there is nothing in the situation to encourage either selective cutting or reforestation.

Yours very truly,

WISCONSIN LAND & LUMBER Co.,
G. HAROLD EARL, *President.*

WEST LUMBER Co.,
Lugerville, Wis., May 5, 1929.

NORTHERN HEMLOCK AND HARDWOOD MANUFACTURING ASSOCIATION,

Oshkosh, Wis.

(Attention Mr. O. T. Swan.)

GENTLEMEN: We have your letter of the 4th and wish to advise that during the year we purchase about 25 cars of hay and approximately 3,000 bushels of potatoes, all the oats the farmers in this vicinity can produce, as well as about 350 bushels of miscellaneous vegetables.

We also purchase during the year 150 cases of eggs, as well as 25 to 30 cars of cedar posts, and other forest produce from the farmers.

In regard to the labor situation, we employ farm labor as far as possible, and use approximately 150 men from the farms during the winter months, and approximately 25 to 30 men the year round.

From the above you will see the farmers in this vicinity are benefited to the extent of approximately \$150,000 annually from our local birch and maple operations.

Yours respectfully,

WEST LUMBER Co.,
By H. W. JOHANNES, *Manager.*

RIB LAKE LUMBER Co.,
Rib Lake, Wis., June 6, 1929.

O. T. SWAN,
*Secretary Northern Hemlock and Hardwood Manufacturers Association,
Oshkosh, Wis.*

DEAR SIR: The benefit of our operation at Rib Lake to the farmer is rather hard to determine. Practically all of the farmers in the community adjacent to our operation work either in the woods or in the sawmill the biggest part of the

year, especially the winter months and certain months during the summer. They are off in the spring for their seeding, come back and are off again in the fall for their harvesting; that is, the employees around the mill proper.

Our work in the woods, of course, does not amount to much in the summer months, as we do all winter logging. The Rib Lake Lumber Co. itself only operates two camps, but the production of our logs by jobbers furnished a livelihood for a large number of farmers adjacent to the operation; in fact, most of the jobbers own farms, going out of the woods in the spring to farm and back to the woods in the fall. As a result our operation to a large extent is manned by farm labor.

At our camps we purchase probably 15 carloads of hay, which would amount to practically \$3,500. We purchase, undoubtedly, in the neighborhood of \$500 of potatoes, all of which are bought in the vicinity of our operation, and I would judge that other vegetables, such as cabbage, carrots, and other produce in season would amount to \$400 or \$500 a year. There are also large purchases of eggs which are produced by the farmers in this locality.

All farm labor employed at the mill is sold lumber at employees' rates, which is much less than what it is sold by retail dealers. I suppose there is a saving of at least \$10 a thousand to these men and has been of great benefit to the farmer using lumber. Many of them have built barns, some have built houses, but this is entirely hemlock, as none of them have used any hardwood whatever; in fact, I do not believe that hardwood enters into the farm buildings to any great extent, and if it did it would be of a low grade, as none of them are able financially to buy a high-grade quality of either birch or maple. Of course, it is necessary to produce other species of hard and soft wood at the same time we are producing our birch and maple, but the farmer benefits very materially; in fact, I know that many of the farmers in this community could not possibly make a success of their farms if it were not possible for them to secure employment either in the woods or around the mill during the period when there is no work on their farms. Many of them are just starting in without any capital, and their receipts from their farm products and sales of milk, etc., are not sufficient to keep the operation going.

I do not suppose that the situation here is any different than in many other localities in northern and central Wisconsin, where men are starting in and breaking into farms. As a matter of fact, I do not think that the average man could make a success of farming unless he had something to do on the side where he could get some ready money to assist in his living expenses.

Yours truly,

J. F. SISLEY, *Vice President.*

I. STEPHENSON CO., TRUSTEES,
Wells, Mich., June 5, 1929.

Mr. O. T. SWAN,
*Secretary-Manager Northern Hemlock and Hardwood
Manufacturers Association, Oshkosh, Wis.*

DEAR Mr. SWAN: I wish to acknowledge receipt of your letter of the 4th instant, advising you are assembling some additional information for tariff arguments, regarding the relationship between the local farmer and the local birch and maple lumber industry. In reply to your inquiry, would state that there is no question but what the local farmer, merchant as well, is benefited from the operation of the birch and maple lumber manufacturer.

In the first place, the farmer himself and his sons, if any, are given employment for themselves and horses in logging camps during the winter months, when work on the farm is slack. The logger, or jobber buys his potatoes and other vegetables, as well as hay and feed for his stock, from the local farmer, who delivers it direct to the camp. The local machine shop and blacksmith shop are benefited by doing work for the logger, in the way of preparing equipment, etc. The local merchant is benefited by all employees and their families making purchases of the necessities and luxuries of life in local territory. Many of our saw-mill employees, including our shipping crews, are sons of the local farmer, and are given steady employment during the entire year.

I have dealt in the above with generalities, as we are not in position to give you definite facts as to the amount, in dollars and cents, that my arguments represent, as we are not operating any company camps, all of our logging being done by jobbers, who are paid a definite price for the various forest products they

cut, which represents the taking of the timber from the stump to the car. They hire their own labor and purchase their own supplies.

Trusting the information I have given may be of some benefit to you, and with kind personal regards, I remain,

Yours very truly,

GEO. N. HARDER.

(Western Union)

CHICAGO, ILL., May 17, 1929.

Hon. R. S. JAMES,
House of Representatives, Washington, D. C.:

We respectfully urge your support on Ways and Means Committee report on proposed tariff H. R. 2667, Schedule 4, paragraph 402, 15 per cent ad valorem on maple and birch. Own and operate three mills in your district; have largest stock of lumber on hand; for many years unable to compete with Canadian lumber in lower Michigan's industrial sections. Hardwood mills in your section, as you know, have been operating past few years under most adverse conditions and are in same plight as farmers.

BRUNSWICK LUMBER Co.
J. A. DEFAUT, Vice President.

(Western Union)

CHICAGO, ILL., May 16, 1929.

Hon. RUTH HANNA McCORMICK,
House Office Building, Washington, D. C.:

We are large producers of maple and birch shingles and flooring in Wisconsin and Michigan and proposed duty of vital importance to us. On account Canadian competition our shingle mill has been closed down for over year. Several large Michigan maple flooring factories went out of business last year. Our birch and maple is now entirely crowded out of eastern markets by Canadian production, and we are having great difficulty holding our own in Chicago and Detroit territory. Urgently ask your support to proposal of Ways and Means Committee.

OCONTO Co.

(Western Union)

CHICAGO, ILL., May 16, 1929.

Hon. FRANK P. BOHN,
House Office Building, Washington, D. C.:

Proposed duty on maple and birch shingles and flooring of vital importance to us. On account Canadian competition our shingle mill has been closed down for over year. Several large Michigan maple flooring factories went out of business last year. Our birch and maple is now entirely crowded out of eastern markets by Canadian production and we are having great difficulty holding our own in Chicago and Detroit territory. Urgently ask your support to proposal of Ways and Means Committee.

BAY DE NOQUET Co.

(Western Union)

RHINELANDER, Wis., May 17, 1929.

Representative J. A. FREAR,
House Office Building, Washington, D. C.

Reference tariff maple and birch. We have not shipped one car of birch or maple into the New England market since Canadian competition became active. In addition, we lost almost our entire birch trade in Ohio, Indiana, and Michigan because of this same competition.

HAROLD C. COLLINS.

BRIEF OF E. J. JONES, BRADFORD, PA., VICE PRESIDENT EMPORIUM FORESTRY CO., MANUFACTURERS OF MAPLE, BEECH, AND BIRCH LUMBER AND FLOORING

**The FINANCE COMMITTEE,
Senate of the United States.**

GENTLEMEN OF THE COMMITTEE: Tariff bill passed by the House, paragraph 402, puts a duty of 15 per cent ad valorem on maple (except Japanese maple) and birch lumber including flooring.

Beech should have the same status as maple and birch. They are indigenous to the same soil and are spoken of as one class in the lumber trade. It apparently was an oversight by the House committee. No reason can possibly be given for differentiation between beech and the other two woods.

Zone growth.—Nature has zoned these trees. Practically the entire forest area of maple, birch, and beech is found in the northern part of the New England States, northern New York and Pennsylvania, and north Michigan and Wisconsin, and includes an area in Canada of about 100 to 150 miles in width north of the border. This fact puts the manufacturers of these woods both in the United States and Canada in keen competition with each other. Their markets are the same.

Canada exacts a 25 per cent ad valorem duty on this product imported into Canada. This closed the door of the Canadian consumer for the American manufacturer.

The freight rate from the writers mills in northern New York to the New York or Boston trade (which is also the market for the Canadian mills) is about the same as from the Canadian mills, but from the Wisconsin or Michigan mills the differential in freight to these markets is decidedly in favor of the Canadian mills.

The labor costs or woods costs present a very substantial advantage in favor of the Canadian manufacturer. We pay our woodsmen \$3.50 to \$4 a day and board. The average wage in Canada for their woodsmen is \$48 a month and their board.

Stumpage cost.—The manufacturer in Canada obtains from the crown a license or grant to cut the timber and pays a price per thousand feet when he cuts it; while the American manufacturer owns his timber and fee paying a large annual and increasing, tax because of good roads or other improvements which with the interest on the invested capital makes an overhead charge per thousand feet stumpage away in excess of the stumpage charge to the Canadian manufacturer.

Effects of these differentials.—1. Canadian markets are closed to the American manufacturer because of the duty imposed by Canada on these importations.

2. Their lumber and flooring (maple, birch, and beech) are entered in the United States free of duty and because of their lower cost of stumpage, their cheaper woods cost, and their lesser freight rates, they undermine our prices to a point which does not allow the American manufacturer to run his mill at a profit.

ADDITIONAL STATEMENT OF HON. WILLIAM S. BENNET

Mr. BENNET. I have here a modification and correction of Mr. Plunkett's testimony. After a conference with Colonel Grant, who represents the maple flooring people, we desire to suggest a modification of paragraph 402. The present paragraph reads like this:

PAR. 402. Maple (except Japanese maple) and birch: Boards, planks, deals, laths, ceiling, flooring, and other lumber and timber (except logs), 15 per cent ad valorem.

We wish to suggest a modification of the paragraph so that it will read as follows:

Maple (except Japanese maple), beech, and birch (except white birch): Boards, planks, deals, laths, ceiling, flooring, and other lumber and timber (except logs), 25 per cent ad valorem.

The changes are, first, the insertion of beech, which all agree should be treated the same way that maple and birch are, and the other is the taking out of white birch. The white birch is the material of which spools are made, as the witness, Stowell, testified. There is not any organized Canadian or American production of white birch.

Senator COUZENS. What is your position in connection with what Mr. Babbit said? He wants some other things taken off and put on the free list.

Mr. BENNET. I can not understand. Boards, planks, deals, laths, and ceiling are manufactured.

Senator COUZENS. He wants them on the free list.

Mr. BENNET. And a tariff on flooring?

Senator COUZENS. Yes.

Mr. BENNET. There is no justification for that at all.

Senator WALSH. Except that Canada puts a tariff on flooring.

Mr. BENNET. Canada puts a tariff on boards, planks, deals, laths, and ceiling.

Senator WALSH. I thought it was only flooring.

Mr. BENNET. No.

Senator COUZENS. If Canada puts a tariff on we are justified. That is my judgment.

Mr. BENNET. Certainly. This testimony will be referred to on the floor of the Senate. I ask that the Tariff Commission be asked to furnish you with the tariff provision of Canada, for insertion in the record for the Finance Committee for the convenience of the Senate. It covers a great deal more than flooring, section 507 of the 1907 act, lumber not otherwise provided for. The Canadian act is 22 years old.

We think that the tariff should not cover white birch, which strictly speaking, is not lumber. It is too brittle. It is a material for manufacture of spools.

Senator WALSH. Is that what the clothespin is made from; white birch?

Mr. BENNET. No, that is made from good birch. But evidently they have established an industry with a little mill on the American side and production on the other side, which probably would not be covered by the paragraph anyway because the importation is logs and the paragraph as drawn, excepts logs. So Mr. Stowell, I do not think would be hurt by the tariff because the United States put a tariff on white birch because it is not lumber; it is not organized for production purposes on either side.

The increase from 15 to 25 is justified by the evidence. The evidence is that 20 per cent difference in cost of production in the woods between Canada and the United States prevails. The woods labor in Canada gets \$40 a month and board, and in New York \$91 a month and board. That works out 20 per cent. In addition, the mills in Michigan and Wisconsin have against them a freight differential of about 25 per cent. That is not true of the mills in northern New York, which have no freight differential. That appears in the brief of Mr. Jones which I filed.

Senator THOMAS. Some one testified day before yesterday that interests in Wisconsin were responsible for paragraph 402, indicating that it was Wisconsin that practically all or the major portion of maple and birch timber came from. Is that correct?

Mr. BENNET. The Northern Hemlock and Hardwood Manufacturing Association did make this request to the House Ways and Means Committee, Wisconsin and Michigan, the northern part—you were not here Monday when I testified. But beech, which is used for flooring is produced more largely in northern New York and in New England, and we wished the same treatment for maple

and birch, which are more largely produced in Wisconsin and Minnesota.

What I wanted to say with Mr. Plunkett present is this. He said he represented two mills in Arkansas, and undoubtedly he does. There is not a single mill in Arkansas which produces either maple or birch. Therefore, it is not affected at all by paragraph 402. He also talked about the exports of hardwood and the figures that he gave probably were correct but absolutely misleading. Forty-nine per cent of the exports of hardwood from the United States is oak, and oak is not covered by either paragraph 402 or any other part of the tariff.

I filed, Mr. Plunkett, on Monday with the committee the Commerce Bulletin of May 13, 1929, and the graph on the back page of that which goes with it, which shows exactly those things. Here are the figures.

Senator COUZENS. I suppose his purpose was simply to show the change of the trade.

Mr. BENNET. He should have said it. The tariff is on only maple or birch. We want it put on beech. In 1927 the total production in the United States of maple and birch was 1,100,788,000 feet. The total exports of birch, maple, or beech, in 1927, were 8,092,000; in other words, less than 1 per cent of the maple and birch produced in the United States in 1927 was exported to Canada.

Mr. Plunkett's figure of exportation from Canada is substantially correct, about 55,000,000 feet. The production of maple, beech, and birch in Canada is about 150,000,000 feet, so that one-third, 33 $\frac{1}{3}$ per cent of the maple, beech, and birch produced in Canada comes in the United States and less than 1 per cent of the maple, beech, and birch produced in the United States goes into Canada.

Senator THOMAS. How about the relative number of feet imported and exported in this country?

Mr. BENNET. We exported into Canada in 1927, 8,092,000 feet of birch, beech, and maple combined. We imported from Canada 55,000,000, three times as much in quantity, 47,000,000 feet more. We imported 33 $\frac{1}{3}$ or about 35 per cent of their total production. They imported less than 1 per cent of our production.

It is unfair to say to this committee the word "hardwood" in connection with the tariff because there is no tariff asked with the exception of something about Spanish cedar, etc. But as far as paragraph 402 is concerned it deals with maple and birch. We ask that it deal with beech.

I wanted to make that correction while Mr. Plunkett was in the room.

I know that the committee is interested in wood. I want to leave with the committee the future of the wood in this country. There is wood one-eighth inch thick and a foot square stronger than any wood that nature ever made. There are three companies that make this—one on the west coast, one in Minnesota, and one in the South. When you talk about there being a wood famine in this country it is ridiculous.

Senator THOMAS. What is that made of?

Mr. BENNET. Wood; not even a binder.

Senator THOMAS. How is it produced?

Mr. BENNET. In the South they explode the fiber; then they put it under heavy pressure. In Minnesota they grind it into pieces and then put it under hydraulic pressure. I am not familiar with the

process on the west coast and that particular factory. I am not going to advertise anybody, but that particular factory to-day is running overtime to furnish handles for automomiles. It is a structural wood. It will take a nail.

Senator COUZENS. Where does the wood come from?

Mr. BENNET. Some of it from the southern longleaf and short-leaf pine sections; a great part of it comes from Minnesota. The newest proposition of all is the fir waste of the West, and when I talk about New England, I want to say that there is where they could utilize that 70 per cent that is not being used. In six or seven years you can raise a crop of fiber and it can be made into that wood and it is stronger than any wood nature ever made. You can not take a piece of wood a foot square and bend it like that.

Senator THOMAS. Would that conserve the natural elements in the wood?

Mr. BENNET. Every single one.

Senator THOMAS. Could you make pine wood out of pine raw material and then turn around and in the same process make oak?

Mr. BENNET. Yes, sir.

Senator THOMAS. Or make walnut?

Mr. BENNET. Yes, sir.

Senator THOMAS. Would it take a finish the same as the natural product?

Mr. BENNET. Yes, sir, and more than that, you can take twigs and other things and make that.

Senator WALSH. What is the difference in price between the manufactured wood and the natural wood?

Mr. BENNET. Of course as yet this manufactured wood is more expensive.

Senator WALSH. It is chosen by the automobile people for instance, because of superior qualities for their purposes?

Mr. BENNET. See what an admirable panel that would make.

Senator COUZENS. Less waste?

Mr. BENNET. No waste at all; no knots, nothing. I want to thank the Committee for their consideration extended me.

Senator THOMAS. How much more extensive is it in percentage?

Mr. BENNET. Nobody can tell you yet, Senator, because we can not estimate the saving by the absolute lack of waste.

Senator THOMAS. That product is not on the market now, is it?

Mr. BENNET. Yes, sir.

Senator COUZENS. It has been on the market for some years?

Mr. BENNET. The southern product has been on the market five or six years.

Senator THOMAS. Can you tell the difference in cost per foot of that manufactured wood and the natural wood comparable with it?

Mr. BENNET. I can put that in the record.

Senator THOMAS. Is that material now on the market under contract or is a surplus or for distribution among wholesalers and retailers generally?

Mr. BENNET. You can buy it just the same as you can lumber, if you know the addresses of the offices. You can write to them and get the prices. I will put them in the record. I would like to leave this with the clerk of the committee for the interest of the members.

Senator WALSH. How about the comparative weight?

Mr. BENNET. This is a little heavier.

STATEMENT OF A. C. WELLS, MENOMINEE, MICH., REPRESENTING MANUFACTURERS OF MAPLE, BEECH, AND BIRCH FLOORING

[Including beech flooring, par. 1796]

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Will you please state for the record whom you represent?

Mr. WELLS. I represent the J. W. Wells Lumber Co.

Senator COUZENS. Do you represent any other interests?

Mr. WELLS. I am also president of the Maple Flooring Manufacturers' Association.

Senator COUZENS. You speak for them also?

Mr. WELLS. Yes, sir.

Senator COUZENS. What is the purpose of this organization, Mr. Wells?

Mr. WELLS. To gather statistics, and to watch, in a general way, the things that are of common interest, advertising, and such things as that.

Senator COUZENS. There is no uniformity of prices?

Mr. WELLS. No, sir.

Senator COUZENS. Prices, I suppose, are not officially discussed?

Mr. WELLS. No, not any more than the preceding speaker spoke of.

Inasmuch as there has been no opposition developed here, the maple flooring people are content to rest their argument on the brief that is filed, with the exception that we would like to have the beech included with the birch and maple.

Senator COUZENS. What is the percentage of the beech as to the whole?

Mr. WELLS. Probably 10 per cent of the whole.

Senator COUZENS. You think that is probably the reason the House left it out, because it was a small percentage?

Mr. WELLS. I think so. We also would like to have a 25 per cent duty that Canada imposes upon us and imposes upon their lumber.

Senator COUZENS. What is the rate now existing?

Mr. WELLS. We have no duty against their flooring at all. They have 25 per cent against ours and have maintained it a good many years.

Senator COUZENS. In other words, it is on the free list now?

Mr. WELLS. Yes, sir.

Senator COUZENS. And the House put it on a 25 per cent basis?

Mr. WELLS. They put it on a 15 per cent basis.

Senator COUZENS. Are you satisfied with that?

Mr. WELLS. No, sir; we think we should have the same duty that Canada imposes against us.

Senator COUZENS. So you are not entirely resting your case on the House action.

Mr. WELLS. With that exception.

Senator COUZENS. In other words, you would like to have it raised over the House rate to 25 per cent?

Mr. WELLS. Yes, sir.

Senator COUZENS. As applied to all countries, of course?

Mr. WELLS. Yes, sir.

Senator COUZENS. Are there any other importations from any other country except Canada?

Mr. WELLS. Not to speak of. I do not know of any.

Senator COUZENS. Are you in favor of a low duty on raw material?

Mr. WELLS. No; we are in favor of 15 per cent on the rough birch and maple lumber.

Senator COUZENS. Have you completed your statement?

Mr. WELLS. Yes, sir.

Senator COUZENS. Are there any questions?

Senator WALSH of Massachusetts. Your position is the same as that of Mr. Bennet, I understand. He favors increasing this rate from 15 to 25 per cent.

Mr. WELLS. Yes, sir; and including the beech. I would like permission to file this brief.

Senator COUZENS. That will be granted.

(Mr. Wells submitted the following brief:)

BRIEF OF THE J. W. WELLS LUMBER CO., CHICAGO, ILL.

The FINANCE COMMITTEE,
Senate of the United States.

GENTLEMEN: Brief was filed with the Ways and Means Committee on February 16, 1929. At hearings on February 23, 1929, two spokesmen, Mr. Charles A. Goodman, manufacturer, of Marinette, Wis., and the Hon. E. J. Jones, manufacturer, of Conifer, N. Y., appeared for manufacturers. Brief and statements were printed in the record of hearings.

The tariff bill passed by House of Representatives includes paragraph 402: "Maple (except Japanese maple) and birch: Boards, planks, deals, laths, ceiling, flooring, and other lumber and timber (except logs), 15 per centum ad valorem."

Beech flooring.—It is requested that beech flooring be included. Beech timber flourishes in the same regions as maple and birch. In the northern New England States the proportion of beech is large. It is thought the omission of beech was an oversight.

Tariff requested, 25 per cent ad valorem.—Canada exacts a tariff of 25 per cent ad valorem on hardwood flooring, and a similar duty is thought important to properly protect our manufacturers in place of the 15 per cent allowed in section 402 of proposed law.

Differentials in freight rates.—Freight rates table submitted herewith was not ready in time to file with the Ways and Means Committee. The New England States and New York State are large markets for maple, beech, and birch flooring, and this table gives comparative freight rates from important Canadian and United States shipping points to representative destinations in those States.

It will be noted that for Boston the average of the Canadian rates is 12½ cents less than the average United States rate, and that to Portland, Me., some important Canadian rates are less than one-half any of the rates from our Michigan and Wisconsin mills.

Exports to Canada.—It is noted that opponents of lumber tariff, in statements and propaganda, make a point of the large volume of flooring shipped into Canada from the United States, one such statement saying that "We actually export to Canada nearly twice as much hardwood flooring as Canada exports to us." The accuracy of this statement is doubted, but in any event the information is misleading as to maple, beech, and birch flooring. Hardwood flooring includes oak, walnut, and other hardwoods not indigenous to Canada. Information gathered from United States manufacturers shows a total of about 100,000 feet of maple, beech, and birch flooring shipped into Canada in 1928.

Failures.—Separate brief of February 16 gives information of mills running at low production and others closed down. In the last two and one-half years

three large failures have occurred of mills efficiently conducted but unable to compete or to withstand continued losses, one a modern plant located in northern New Hampshire and the other two in Michigan.

Tariff opponents.—There is no known opposition from any manufacturer in the United States. Complete list attached to original brief. All who have appeared in opposition or who have filed briefs have, on investigation, been found to represent persons interested in Canadian timber or lumber, or distributors who profit through importations from foreign countries.

Effect on prices.—Opponents of the tariff emphasize the burden of increased prices due to tariff. It is unbelievable that the tariff would have any effect on prices for, as stated in original brief, the capacity of our mills is about 300,000,000 feet, whereas present production is about one-half of capacity, this resulting in higher production costs. Should a tariff result in desired additional production for our mills, the increase of efficiency and consequent lowering of cost should tend to reduce prices rather than to increase them.

Wood substitutes.—Have very heavy tariff protection under tariff act, 1922, running from 35 per cent ad valorem in the case of linoleum, etc., and 30 to 60 per cent ad valorem in the case of tiling, etc.

Timber reserves.—The department of Agriculture Statistical Bulletin No. 21 of 1928 shows 90,000,000,000 feet of standing maple, beech, and birch stumpage in year 1920. Estimated annual consumption is not now over 1,000,000,000. With annual new growth this should last well over 100 years.

In certain States, especially Maine, large quantities of timber are rotting and dying each year for lack of market.

Canadian exports to United States.—Opponents make much of low, official statistics on imports from Canada, but the fact remains that because hardwood flooring and lumber have both been on the free list, much flooring has been confused with lumber in official records. Customhouse districts make no attempt to separate the various hardwoods that enter our ports. When but seven Canadian manufacturers given sworn evidence (see original brief) of shipping 7,175,000 feet into this country in the year ended August 31, 1925, and when examination of list attached to original brief shows a great many other Canadian manufacturers, no other deduction can be made than that the volume of flooring imported has been far beyond that shown by Government statistics.

Imports from Europe.—In the first quarter of 1929 the United States Bureau of Foreign and Domestic Commerce reports 29,634,000 feet of hardwoods imported from all countries as against 21,276,000 feet in the same quarter of 1928, an increase of 8,358,000 feet per quarter in one year's time. Undoubtedly this contains considerable beech and oak from countries with very much lower labor costs. This lumber is available for manufacture into flooring.

Conservation propaganda.—In public print and otherwise it is often stated that enormous annual increase in consumption of lumber would soon exhaust our timber reserves, such as a recent statement in the Wall Street Journal, saying:

"Economists maintain that as the consumption of wood per capita is increasing, by that time (in less than 25 years), they say, we shall require 75,000,000,000 feet per annum."

Owing to the growing use of substitute material and increase of imports, the production of wood is decreasing each year, regardless of the increase in population. According to the statistics of the Census Bureau the lumber production in 1925 was 38,338,641,000 feet; in 1926, 36,935,930,000 feet; and in 1927, 34,529,450,000 feet. The figures for 1928 are as yet unavailable, but it is understood they will show another large decrease.

Those interested in the promotion of wood substitutes naturally welcome the spread of propaganda in connection with the conservation of timber, but it is a fact that many millions of feet of fine hardwood timber are now being lost through rotting and dying of trees because of age, due to the fact that the owners of this timber can not market it in competition with their Canadian neighbors.

A. C. WELLS,

President of J. W. Wells Lumber Co., Menominee, Mich.

(Representing the manufacturers of maple, beech, and birch flooring.)

Freight rates on lumber, carloads

[Canadian freight rates as quoted by the New York Central Railroad Co. and the Grand Trunk Railway system, March, 1929]

From—	To—									
	Bu- falo, N. Y.	Al- bany, N. Y.	New York, N. Y.	Wor- cester, Mass.	Bridge- port, Conn.	Bos- ton, Mass.	Port- land, Me.	Houl- ton, Me.	Con- cord, N. H.	De- troit, Mich.
CANADA										
Bromptonville, Quebec.....	29½	21½	28½	25	30	25	16	36½	25	31
Montreal, Quebec.....	28½	18½	28½	25	31½	25	19	37	34	27
Ottawa, Ontario.....	23½	20½	28½	26½	31½	29½	29½	11	28½	26
Toronto, Ontario.....	16	31	33½	34	40½	34	34	46½	34	18½
Meaford, Ontario.....	18½	33	36	35	41½	35	35	47½	35	22½
Huntsville, Ontario.....	20½	34	36½	35	41½	35	35	47½	35	23
Burks Falls, Ontario.....	20½	34	36½	35	41½	35	35	47½	35	23
Muskoka, Ontario.....	24½	39	41½	43	43	35	35	47½	35	23
Average.....	22.8	28.9	33.7	32.6	37.6	31.6	29.7	43.9	32.7	24.3
UNITED STATES										
Cadillac, Mich.....	24½	39	41	43	43	43	43	53½	43	18½
Grand Rapids, Mich.....	21½	34½	36½	38½	38½	38½	38½	51	38½	17½
Wells, Mich.....	31½	41½	43	45	45	45	45	57½	45	22
Menominee, Mich.....	26½	39	41	43	43	43	43	53½	43	19
Oconto, Wis.....	26½	39	41	43	43	43	43	53½	43	19
Leona, Wis.....	33½	41½	43	45	45	45	45	57½	45	20½
Rhineland, Wis.....	33½	43	44½	46½	46½	46½	46½	59	46½	20½
Mellen, Wis.....	36½	44½	45½	47½	47½	47½	47½	60	47½	23
Average.....	29.8	40.3	41.9	43.9	43.9	43.9	43.9	56.4	43.9	22.6

¹ Applicable only via Michigan Central Ry. Rate via other lines, 36 cents.

SHINGLES OF WOOD

[Par. 403]

STATEMENT OF J. A. EDGECUMBE, ST. PAUL, MINN., REPRESENTING THE STAINED SHINGLE INDUSTRY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Please state for the record whom you represent.

Mr. EDGECUMBE. I represent the stained-shingle industry in opposition to a tariff on the importation of red cedar shingles, and the brief which I present is on behalf of the stained-shingle industry, which is composed of our own company, the Weather-best Stained Shingle Co., and the Creo-Dipt Co., as well as Mr. J. H. Bloedel, the Monarch Lumber Co., operating 52 retail yards in the State of Montana, and 1,289 other manufacturers, wholesalers, retailers, and consumers of shingles and other wood products.

Senator COUZENS. So you approve of all the testimony given by Mr. Bloedel the other day?

Mr. EDGECUMBE. Absolutely.

In our brief we only show 1,289 retail lumber firms. I would like to mention, however, that the retailers of lumber throughout the United States have practically as a unit, either individually or through their national and regional associations, filed a protest against this tariff. I would, therefore, like permission to file copies of these different resolutions. One was just recently passed by the National Retail Lum-

ber Dealers' Association, which is a national association representing the retail lumber dealers of the whole United States. That was the last resolution passed by these organizations, and I would particularly refer you to it.

Senator COUZENS. Are any of those in the House hearings?

Mr. EDGECUMBE. They have all been filed; yes.

Senator COUZENS. In the House hearings?

Mr. EDGECUMBE. In the House hearings.

Senator COUZENS. We do not desire any duplication. We have accessible the House hearings and we hope that nothing will be introduced or stated by you that is a duplication of what is printed in the House hearings.

Mr. EDGECUMBE. There are a few that came in recently that are not in there. We can pick those out.

Senator COUZENS. If you can put in anything new we would like to have it, but we do not want any duplicated testimony.

Mr. EDGECUMBE. This file also contains resolutions passed by different farm organizations throughout the United States opposing this tariff, included among which are resolutions passed by the McMinnville Fruit Growers' Association, the Walnut Growers' Association, the Cooperative Wool Growers' Association, the Oregon State Grange, and the Washington State Grange.

Senator COUZENS. No national farm organization has opposed it, has it?

Mr. EDGECUMBE. I do not think so. I didn't know there was a national farm organization.

Senator COUZENS. There is a National Grange and a Federated Farm Bureau, the Farm Union, etc., and I wonder if they are opposed to a tariff on shingles while they are urging a tariff on their own products.

Mr. EDGECUMBE. I can not say as to that. Practically every regional organization throughout the United States has passed resolutions opposing this tariff.

Senator COUZENS. You may proceed.

Mr. EDGECUMBE. In our brief we have endeavored to show you that there have been no facts, figures, or sound arguments presented by the proponents for the tariff on cedar shingles which can justify it.

It is contended by the proponents of this tariff that because of the competition of Canadian shingles the industry is sick, and in a deplorable condition; also that the downfall of the industry is attributable to the removal of the Payne-Aldrich tariff in the year 1913, that being the year in which the duty was removed and shingles placed on the free list.

The removal of the tariff carried in the Payne-Aldrich bill did not have an adverse effect on the industry in Washington and Oregon, as is shown by the record and report of 1914 of the Department of Commerce. On the other hand, during the 4-year period from 1909 to 1913, during which the Payne-Aldrich tariff was in effect, the annual production of shingles in Washington and Oregon decreased 1,000,000,000 shingles. Since then, it is true, there have been further decreases in the production of shingles in these States, but this can not be attributed to Canadian shingle competition. The reason for this decrease is the depletion of the close-in timber supply.

I might say that the importation of shingles from Canada has also decreased since 1922. The importations in 1922 amounted to 2,318,000,000 shingles. In 1927, which is the last figure I have here, it had dropped to 1,965,000,000, and last year I understand that the importation was practically the same as it was in 1927.

When the production of shingles in the States of Washington and Oregon was at the peak, cedar timber was readily available, and a great many of the operations were located adjacent to the timber. This situation does not exist to-day. The result is these smaller operations have been forced out of business. The mills that are still in business, however, are individually producing more shingles than ever before. The average output per shingle mill in Washington has increased 122 per cent in the last 15 years.

The proponents of this tariff, have based their claim on the contention that log costs and the cost of producing shingles in British Columbia is less than what it is in the States of Washington and Oregon. It is not my purpose to discuss the log situation, nor the comparative costs as between the two countries. Mr. Bloedel is more conversant with this than what I am, and has already outlined the facts to you. The question as to the costs of production in the two countries, I am also not going to go into very exhaustively for the reason that the report of the United States Tariff Commission to the President of the United States, in the year 1927, I believe speaks for itself. The fact-finding portion of this report, in my opinion, is the most complete analysis of the shingle industry ever gotten together, and not only does it show that Canada has no advantage from a production standpoint, but it also points out how the many so-called evils suggested by the proponents of this tariff can be corrected.

Senator WALSH of Massachusetts. Is that one of the reports that was not printed?

Mr. EDGECUMBE. That report is printed and it is on file. I have a copy of it here.

Senator WALSH of Massachusetts. I have in mind the report on logs.

Mr. EDGECUMBE. I would particularly like to call your attention to the fact that since the preparation of the report by the Tariff Commission, costs have been further increased in British Columbia, as the result of the enactment of a minimum wage act, as well as an 8-hour day law by the British Columbia Government, both of which acts are being strictly enforced. This has had an effect in increasing costs. For effects of this, the following table showing comparative costs and wage scales in two shingle mills, one in Washington and the other in British Columbia, operated under the same general management, speaks for itself.

The wage scale is embodied in our brief. I would, however, like to point out that of all the men employed in these two different shingle mills, the only ones that are paid a lesser pay than what is being paid in the State of Washington, in the British Columbia mills, are the block pilers, the cleanup man, and unskilled labor. Those men would only constitute about 5 per cent of the total men employed in the manufacture of shingles. Every other man employed in these mills receives a higher wage in the British Columbia operation than what men doing similar work receive in Washington, and I think you will find that true with every operation on the Pacific coast.

There has been a lot said about the employment of oriental labor in the shingle mills of British Columbia. What bearing this can have on the tariff issue, I can not imagine. Oriental labor only constitutes about 30 per cent of the total labor employed and is not cheap labor. Most of the orientals employed in the shingle mills are skilled laborers (sawyers and packers).

I might also point out that the employment of oriental labor has greatly decreased during the past few years in British Columbia. It was formerly about 45 per cent of the total employed in the mills. It is less than 30 per cent to-day; that is, taking the industry as a whole.

Senator THOMAS. What do you mean to include by "oriental labor"? What nationals?

Mr. EDGECUMBE. Chinese and Japanese. There are no Hindus employed in the shingle industry. I might also say that the Canadian Government some 10 or 12 years ago passed an oriental exclusion agreement, and since then the population of orientals in the Province of British Columbia has greatly decreased. There are practically no orientals now immigrating to that country. The total orientals employed in the lumber and shingle industry only amounts to approximately 2,400 men and none of these are employed in the woods. There are no orientals employed in any of the logging operations on the Pacific coast.

The proponents of this tariff seem to make a lot of the point that because of the low costs existing in British Columbia, they are being forced to sell their product in competition at unprofitable prices. This is pure fallacy. The shingle industry of the Pacific coast has never enjoyed greater prosperity, nor have they secured a more satisfactory price level than what they have during the past year, except, of course, during the years of 1919 and 1920, which, you will remember, were boom years following the World War.

The price at which shingles have been sold during the past year and up until a few weeks ago was very satisfactory. It provided for a reasonable margin of profit to the manufacturer, and yet it was not so high as to allow for further inroads into the market by competitive products which would be bound to result if they were further increased.

Senator WALSH of Massachusetts. Is it necessary to read all that brief? This is a subject to which we are going to give a good deal of thought and study and we will undoubtedly read what you are saying here when it is printed. Why could we not have your brief printed?

Mr. EDGECUMBE. This is not a brief, Senator. It contains a few notes that I made and I was reading it to save time.

The Canadian shingle, however, is not being sold directly in competition with the bulk of the production of the States of Washington and Oregon. The product manufactured in British Columbia is a different shingle altogether. It is a quality product and has always been sold for a premium over the price at which an equivalent grade in Washington could be purchased for. For instance, to-day Washington 5X shingles can be purchased for \$3.65 per thousand, mill basis, while for the British Columbia product of the same grade the price is \$4.25 per thousand, a difference of 60 cents per thousand.

Senator WALSH of Massachusetts. In what market is this?

Mr. EDGECUMBE. This is in the American market.

It is not the price that is selling British Columbia shingles in competition with Washington shingles. It is quality, and to produce this quality the British Columbia operators, because of the higher cost of production, are and do demand a higher price for their product. The trade demand the British Columbia shingle and are willing to pay the increased price because of the quality. There is not a stained shingle operator or a retail lumber dealer that would not give the Washington product preference if the quality was the equivalent of that produced in British Columbia.

Mr. Gosch, president of the Creo-Dipt Co., the largest distributors of stained shingles in America, stated when testifying before the Ways and Means Committee of the House of Representatives that while they originally purchased all of their shingles in Washington, the trade demanded a higher quality product and they were forced to go to British Columbia and pay the British Columbia price for their requirements. He further stated that in the last three or four years some of the manufacturers in Washington had improved their quality so that they are now able to purchase about 10 per cent of their requirements in Washington, but this is the maximum they have been able to secure from the Washington mills.

The company with which I am affiliated are in the same position. When I was on the coast a few weeks ago, I had several cars of all edge grain shingles to purchase, and it might surprise you gentlemen to know that I was not able to buy a single car, of the quality we required, in the States of Washington and Oregon, and at the same time the mills in these States were complaining about business. I might further add that I offered to pay the British Columbia price for the shingles.

There is not one of us engaged in the stained-shingle business that would not prefer to secure our shingles in this country and give the American producer preference on our requirements.

For your information, and so that you will be fully familiar with the difference between the shingle largely imported from Canada, and that which constitutes the bulk of production in the States of Washington and Oregon, I am going to illustrate to you with these blocks [indicating] how the block is cut up so as to secure the two different types of shingles.

In manufacturing shingles, the logs are first brought into the mill and cut into sections of 16, 18, and 24 inch lengths, according to the length of shingles to be manufactured. These sections are then halved or quartered by a circular saw known as a splitting saw, after which they go to the knee-bolter who saws off the bark, and who removes any gritty substance that might be ground into the sap of the wood.

When the blocks are so prepared, they are delivered to the sawyers in the mill who place them in a frame and feed to the saw in such a manner that the butt end of the shingle is cut from alternate ends of the block, in order that the block may be consumed uniformly and utilized as completely as possible. In cutting the edge-grain shingle, which means a shingle in which the grain of the wood is perpendicular to the face [indicating] the block must be adjusted to the grain of the wood a number of times during the process of sawing. When flat or mixed grain shingles are required to be sawn from a

block, and maximum production rather than quality is the object, the block after being put in the frame is not moved, and as a result, the angle of the grain to the face of the shingle changes as the block is consumed.

This block [indicating] has been sawn into flat or mixed grain shingles while this one [indicating] has been sawn into all edge grain shingles. If you will look at the blocks, you will see that in this one [indicating] there is no waste timber other than the spalt necessary with which to hold the block in the machine carriage, while this one [indicating] shows considerable waste, there being three spalts instead of one. This is because of the fact that the block has to be changed so as to keep the shingle all edge grain.

These blocks I have exhibited for the purpose of showing you the difference in shingles and why it costs more to manufacture a quality shingle, being the all edge grain variety, than it does the lower grades, which as I have already mentioned, constitute the bulk of production in the States of Washington and Oregon. It not only increases the timber cost per thousand shingles, but because of the extra time and care required in the manufacture of the quality product, the labor cost is higher. This you can readily appreciate by the fact that a sawyer cutting an all edge grain shingle only averages in sawing about 23,000 per day, while those cutting flat or mixed grain shingles will average in sawing 36,000 to 44,000 shingles per day.

Senator WALSH of Massachusetts. Are both of these exhibits American products?

Mr. EDGECUMBE. These exhibits were manufactured from one section of a log; that is, the log was cut 16 inches long and halved, one-half of the block being cut one way and the other the other.

Senator WALSH of Massachusetts. The purpose was to show us the difference in making shingles rather than making a comparison between the two countries?

Mr. EDGECUMBE. The purpose is to show that in cutting the better product it does require more timber. You have a greater timber waste and the idea is to prove that the better quality shingle is more costly for that reason. Not only that, but you have a higher labor cost. It takes longer to get an all edge shingle than a flat-grained shingle, for the reason that every time a man changes the block it takes time.

Senator WALSH of Massachusetts. Are both kinds of shingles made in this country?

Mr. EDGECUMBE. They are both made in this country, but 90 per cent of the Canadian imports are of the better-quality shingle, while the bulk of the production of Washington and Oregon is this shingle [indicating]. The reason that it costs more to cut one shingle than the other is that a sawyer because of the extra time it takes in changing his block will only cut about 23,000 of the all-vertical shingles per day as against 35,000 to 40,000 of the flat-grain shingles per day.

Of the approximately 2,000,000,000 shingles imported from British Columbia last year, as I have already mentioned, 90 per cent of them are of the edge-grain variety.

Senator THOMAS. Let me ask you a question about these wide flat shingles. After they have been sawed as you have exhibited samples, is each shingle then taken separately and run through a machine to edge them and is each one a different operation?

Mr. EDGECUMBE. They are trimmed with a jointer saw. A man handles one or two at a time. He puts them on this table and joints them by hand.

Senator THOMAS. In the shingle business there is no such thing as uniform width of the shingle?

Mr. EDGECUMBE. There is no such thing; that is, you can buy what is known as a uniform-width shingle but it is not commonly sold.

Senator THOMAS. It is not in the stock trade?

Mr. EDGECUMBE. Not in quantities.

You understand that the production of shingles on the whole Pacific coast is less than 10,000,000,000, and only 20 per cent of this total are imported from British Columbia. The balance all being a Washington and Oregon product, no shingles being produced or imported from any other part of Canada, other than British Columbia.

It is regrettable that the manufacturers in Washington and Oregon have been so hesitant in increasing their production of the all edge grain shingle, for it is a well-known fact that the mixed-grain shingle has done more to hinder the sale of wood shingles than any other one thing. A flat or mixed-grain shingle will warp and curl, and once it does this on a roof that roof is susceptible to fire.

I have a picture that illustrates that. There is a roof that contained a few flat-grain shingles. You will note on referring to that picture that a great many of them have curled up. You can see how that makes the roof susceptible to fire. Any spark that might get underneath those shingles is going to start a fire.

This has resulted in building codes in many cities throughout the United States passing ordinances forbidding their use, in some cases on all types of shingles, while in other cases all shingles, with the exception of a 5/2 and thicker edge grain shingle. The all edge grain shingle, because of the stresses and strains being equal, will lie flat indefinitely and because of this can not be considered a fire hazard.

I might say that the Red Cedar Shingle Bureau, which is an international organization maintained by the manufacturers on the Pacific coast, have had numerous tests made in different parts of the country, which have proven that the all edge grain shingle is no more of a fire hazard than practically all of the so-called fire-resistant shingles covered by the underwriters' class C requirements.

It was only a few weeks ago when the city council of the city of Lansing, Mich., passed an ordinance forbidding the use of all wood shingles. The shingle manufacturers upon learning of this started a campaign for the purpose of having it repealed. They could not, however, justify the use of the flat or mixed grain shingles, but they had no difficulty in convincing the city fathers of the city of Lansing that the edge-grain shingle had just as great fire-resistant qualities as the majority of the so-called competition fire-resistant roof covering that their code did permit the use of. The result was their building code was amended to allow for the use of the all edge grain shingles.

I might add that I was in Lansing during the last hearing in this matter and it was surprising how little the members of that council knew about red-cedar shingles. It did not take but a few minutes to convince them that there was a difference in shingles and that it would be a mistake to bar the use of the edge-grain shingles. This is only one illustration. I could refer you to many others through-

out the country. For instance, there was an ordinance up in the city of Minneapolis something like three years ago, when quite an effort was made to bar the use of shingles altogether. It finally resulted in an amendment being put through allowing the use of all edge-grain shingles, but no other shingle.

Since that amendment was put through the demand for red-cedar shingles of the quality that the building code allows for has increased. I do not know what the increase is but it is a very marked increase. The sale of shingles has increased very materially over what it was before this amendment was put into effect. In other words, what I am trying to bring out is that by selling or promoting the sale of the all edge grain shingle and barring the use of this other type of shingle you are going to increase the sale of shingles and prevent the passage of ordinances forbidding their use.

There are something like 162 ordinances in effect at this time, and there are others being proposed daily. This figure does not include the many ordinances that have been amended to permit the use of the all edge grain shingle. There are many such points, and if it had not been for the edge grain shingles, the use of the wood shingle as a whole would have been barred in these sections. The shingle industry has an organization known as the Red Cedar Shingle Bureau, organized and maintained for the sole purpose of combatting these ordinances. This organization has four men continuously in the field and they can not anything like cover the territory as it should be covered.

There is hardly a day that you do not learn of a new ordinance coming up, and it is not in any one section but applies to the whole of the United States.

Those of us engaged in the stained-shingle business handle only all edge grain shingles for the reason that it is the only type of shingle that we can consistently recommend. The edge-grain shingle will positively provide a 40 to 50 year roof, as against 10 to 15 years with a flat or mixed grain shingle. It was because of this and the fact that so many centers do not allow the use of flat or mixed grain shingles that the demand for the edge-grain shingle is increasing very fast, while the demand for the cheaper product is declining.

There is, of course, this to be considered—that is, that while in British Columbia the whole log is cut into shingles, in Washington and Oregon the better part of the log is run into siding. A great many of the operations in these States treat the manufacture of shingles as a subsidiary proposition. In British Columbia the manufacture of shingles is an industry in itself, and as a merchandiser of the finished product, I contend that if the market for red-cedar shingles is to be retained and furthered, which it is going to be necessary that it be, the shingle industry of the Pacific coast—and when I say Pacific coast I include British Columbia—will have to become organized and the British Columbia policy of cutting the whole log into shingles and cutting for quality rather than quantity production be adopted.

In my opinion there is a greater opportunity for organization within the shingle industry than any other industry I know of. The red-cedar shingle is a product that has real merit, and if it is properly merchandised there would be no difficulty in selling all the shingles that could possibly be produced.

I might say that all the shingles that have been produced in past years have been sold, and I think I am safe in saying that even though there had been greater sale for the shingles, the manufacturers could not have supplied any additional demand because of an insufficient supply of timber.

Will a tariff on the importation of Canadian shingles correct this situation in itself, or at all? I contend not; but, on the other hand, it is my opinion that because of the production of all edge grain shingles in Washington and Oregon being a very small part of the total, the price on these grades would either be increased to such a point that their sale would be very materially hindered, or if the duty is sufficient to bar the importation of shingles altogether, which a 25 per cent ad valorem tariff would result in, there would not be enough shingles with which to supply the demand, and what would be the result of this? It can only result in one thing, and that would be turning our markets over to the composition-shingle manufacturer.

Senator COUZENS. Are they organized so they can regulate prices?

Mr. EDGECUMBE. During the past few months they have been somewhat disorganized and prices are very low.

Senator COUZENS. Prior to that were they so organized that they could have a uniform price?

Mr. EDGECUMBE. The shingle manufacturer?

Senator COUZENS. Yes.

Mr. EDGECUMBE. Their prices have been very good during the past year and a half.

Senator COUZENS. Were they organized so that they could maintain a uniformity of prices?

Mr. EDGECUMBE. They are not at the present time internationally.

Senator COUZENS. Were they ever organized so they could maintain uniformity of prices?

Mr. EDGECUMBE. Not the shingle industry; no. That is one thing that the shingle industry is very seriously in need of.

Senator THOMAS. Do you mean organization?

Mr. EDGECUMBE. Organization; yes.

The shingle market during the past few weeks has been very quiet and prices on extra clears and extra Star A Stars, which are mixed-grain shingles, have dropped off from 50 to 60 cents per thousand. This, in face of the fact that the demand for XXXXX and all edge grain shingles continues very satisfactory, so much so that these grades are selling at the same price to-day as what they were six months ago. The mills cutting the all vertical-grain shingle are operating and enjoying good trade, while those that are cutting the lower grade shingle are being compelled to curtail their production and in some cases close down altogether, because of a lack of orders.

This is usually a slack period, it being what is known as the mid-season quiet period in building. The manufacturers of the lower grade shingles could have avoided their prices from decline if they had anticipated the market and not continued producing shingles in excess of the demand, or if they had turned their mills on to the production of all edge grain shingles.

This, I think, fully explains the present condition existing within the shingle industry on the Pacific coast, and tells its own story. The demand is for the better quality shingle. Why the Washington manufacturer does not cut them in greater quantities, I have never

been able to figure out, unless it is that they are not thoroughly familiar with their markets, or because they can not get that old thought out of their heads, that quantity production is more profitable than quality production.

The shingles that you have before you show the difference in the types of shingles of different lengths and grades. Each one contains a ticket explaining the grade.

An insufficient supply of a commodity many a time proves more serious than an overproduction, for the reason that if one is sold on a commodity and he can not secure it, he is going to be compelled to buy something else, and the retail lumberman, through whom all shingles are distributed to the consumer, can not sell shingles or any other commodity if he hasn't got it. Take the situation immediately following the war. The price of shingles increased to a basis whereby they could not be sold. It was this situation and the hold that the composition roofing has gotten in the market that the shingle industry has been suffering from up until two years ago, and not the lack of a tariff.

Take the stained-shingle industry, which markets over 15 per cent of the total production of red-cedar shingles on the Pacific coast, or approximately 40 per cent of all the all edge grain shingles produced. What would happen to this industry if the price of red-cedar shingles should be increased to a nonsalable basis, or the importation of Canadian shingles stopped? It would be put out of business, and right here the question occurs to me, can the United States Government afford to ruin one industry through tariff legislation to help another, particularly when the facts are such as to prove that a tariff can not possibly benefit that industry.

I might mention also that the stained-shingle industry of the United States employs just as many men as the shingle-manufacturing business in the States of Washington and Oregon. It is just as important an industry in itself as the manufacture of shingles.

Senator COUZENS. I do not get the point as to what the difference is as to whether you stain British Columbia shingles or whether you stain Washington shingles.

Mr. EDGECUMBE. It makes no difference to us which shingle we stain. Our problem is that we can not secure the quality of shingles in the quantities in which we require them in Washington. In Washington, of the total production of about 7,000,000,000 shingles I estimate that they produce only about 10 per cent of the type of shingle that we require, the all vertical-grain shingle, while the importations from British Columbia are about 90 per cent of the total. In other words, the importation of all edge grain shingles from British Columbia is around 1,600,000,000 as against the total production of the States of Washington and Oregon of about 700,000,000. The stained-shingle industry handles about 40 per cent of this total production of edge-grain shingles. Therefore, if we did try to limit our purchases to the States of Washington and Oregon, they could not supply our needs.

Senator COUZENS. Why could not they increase their production? Of course, they can not increase it if they have to compete with British Columbia, can they?

Mr. EDGECUMBE. There is no reason why they can not. The cost of production in British Columbia is higher than what it is on this

side. The reason, I would say, is that because in Washington and Oregon they cut for quantity rather than quality, and also, instead of putting the whole log into shingles they treat the manufacture of shingles as a subsidiary product to the manufacture of lumber. In other words, they take the better part of the log and cut it into lumber and put the rest into shingles. The sale of shingles for the future success of the industry depends on a better quality of shingle being put on the market. The lower grade is the result of the drop off in the demand for shingles.

It is to the quality shingles as produced in British Columbia, along with the merchandising efforts of the stained-shingle manufacturers, that the industry owes its present prosperity, and when I say prosperity, I mean it. The industry has been prosperous during the past year or more, and regardless of what the proponents of a tariff might say, I am satisfied that if the matter is investigated, my statement will be fully confirmed.

I would like to read at this point from a report which I just received on our own operations, which shows the cost of shingles or I should say the prices we have had to pay for shingles during the period of this year ending with the end of May as against the same period of last year. Our shingle cost during 1928 averaged \$3.63½ per square. The average for the period ending the end of May this year is \$4.231 per square.

Senator COUZENS. What do you mean by square?

Mr. EDGECOMBE. A square is the equivalent of 80 per cent of 1,000. We figure all our shingles by the square method. The manufacturers in Washington and Oregon figure largely on the thousand basis, the old method of figuring shingles.

That is an increase of 60 cents a square, which would be the equivalent of 75 cents a thousand.

Senator COUZENS. Who raised the price to that point?

Mr. EDGECOMBE. Demand. The price of shingles, also the movement of shingles, is controlled by supply and demand. On the higher grade shingles the demand is more or less uniform, and for that reason the price during the past year has fluctuated but very little. There have been only two or three changes in the price of all edge-grain shingles.

We can not afford to let the composition shingle make any greater inroads into our markets. They have made enough already. The production and sale of this type of roofing in 1909 was only about 10,000,000 squares, while the production of red-cedar shingles was something like 20,000,000 squares.

I am referring to squares here again. In thousands this would be 80 per cent of that, or 16,000,000,000.

In 1927 the situation reversed itself. The production of red-cedar shingles had dropped to 10,000,000 squares, while the production and sale of composition roofing had increased to 33,000,000 squares.

This did not come about because the composition roofing produced was a better product, as it has been conclusively proven that it is not a better product, but on the other hand, it is inferior to the all edge grain shingle. It came about because the composition shingle manufacturer was a better merchant, and produced a product that appealed to the wants of the consuming public at a time when it could not afford to pay the price asked for wood shingles. Shingles

are recognized as the poorest merchandized building commodity on the market, which is illustrated by the fact that the manufacturers insist upon forcing upon the public a shingle that will not meet the consumers' requirements. I refer to the mixed-grain shingles. I am referring particularly to the period following the war. The shingle manufacturer, because of the demand being very heavy at that time, allowed his price to get away out of reach; 5-X shingles during that period sold as high as \$8 per thousand mill basis.

Senator COUZENS. The introduction of composition roofing then was advantageous to the public.

Mr. EDGECUMBE. It performed a service because they could not afford to buy wood shingles.

Senator COUZENS. Now you want the composition shingles reduced by having the cedar shingles at a lower price?

Mr. EDGECUMBE. I am not contending that the cedar shingle should be reduced. I am contending, however, that the present price is the maximum the trade will stand. In so far as the red cedar shingle getting back any of the trade the composition shingle enjoyed I do not think it will do that. There is a place for the composition shingle in the cheaper class of homes. The red cedar shingle is being sold to-day to the better type of home and largely for side wall use.

The stained shingle companies are the only factors within the industry that have done anything to promote the sale of red cedar shingles, and they would not have accomplished anything if it had not been that they use only the high quality all edge grain shingles.

I might say that shingles have never been really merchandized except those that have been sold after being stained. They have really sold themselves. The retail lumber dealer, however, does recommend them because he knows shingles and knows that they are a product of merit. If it was not that the retail lumber dealer were sold on the red cedar shingle, we question if there would be a shingle industry to-day other than what the stained shingle manufacturers handle.

Shingles will not stand any further increase in price. I have talked to many retail lumber dealers on the subject during the past few months, and they all tell me that the price in effect to-day is as high as the trade will stand, and that if they should be advanced even another 25 cents per thousand, composition roofing would replace them on a great many homes. It is because of this that the retailer of lumber, both individually and through their associations, national and state, are as a unit opposed to the levying of a tariff. You have resolutions from all these organizations on file.

During the hearing before the Ways and Means Committee one of the witnesses for the proponents of the tariff testified that any increase in tariff could easily be absorbed by the retailer of lumber. That is not so. I have gone into it quite thoroughly since that testimony was given and I do not know of a single case where the retailer of lumber is making a greater profit on the sale of red cedar shingles than what he is on other products handled through his yard.

Senator COUZENS. What profit is he making?

Mr. EDGECUMBE. The maximum profit the retailer makes is 33% gross while in many cases they are handling them as low as on a 10 per cent margin. I know in some instances where they are handling

them at practical cost because they are sold on the shingle and they want their customers to use them. The dealer can not, therefore, absorb this tariff. There is no question about that.

The levying of a 25 per cent ad valorem duty would mean that the dealer would have to pay from \$1.08 per thousand to \$4.08 per thousand additional for all edge grain shingles, and the consumer the dealers' profit on this additional investment. It would mean that, even granting that with this additional price, shingles could be sold as readily as they are at present prices, the consuming public would be heavily taxed on their purchases.

In the testimony given before the Ways and Means Committee it was contended by the proponents for the tariff that this duty would only amount to from 40 to 70 cents. That is not so. They have based that figure on the assumption that the shingle imported would be an extra clear or a lower grade shingle. The shingles as imported from British Columbia are all edge shingles and the price is \$4.25 per thousand, mill basis, and the 25 per cent duty on that would increase the price \$1.08.

Senator THOMAS. What does the average shingle sell for wholesale in the northwestern country at the mill per thousand?

Mr. EDGECUMBE. The average price?

Senator THOMAS. Yes, just for illustration, that is all.

Mr. EDGECUMBE. On 5-X shingles I think 5-X would be a good shingle to use as a basis for the average, the price of this shingle is \$4.25 per thousand coast basis.

Senator THOMAS. Is that the same price that is charged for the imported shingle at the present time?

Mr. EDGECUMBE. The price I gave was the British Columbia price.

Senator THOMAS. The \$4.25 is the British Columbia price?

Mr. EDGECUMBE. Yes.

Senator THOMAS. What is the American price, the United States price?

Mr. EDGECUMBE. On a similar grade at the present market, about \$3.65.

Senator THOMAS. The British Columbia shingle commands a higher price than the American shingle?

Mr. EDGECUMBE. It always has.

Senator THOMAS. What will be the practical effect if this proposed tariff is imposed? What effect will it have on the price?

Mr. EDGECUMBE. This proposed tariff would absolutely eliminate the importation of shingles from Washington and Oregon.

Senator COUZENS. You mean from British Columbia?

Mr. EDGECUMBE. From British Columbia, and it would unquestionably result in the manufacturers over here increasing their prices.

The demand would greatly exceed production of this particular grade of shingle.

Senator COUZENS. Do you want the committee to understand that this proposed tariff would act as a complete embargo against importations of Canadian shingles?

Mr. EDGECUMBE. A 25 per cent ad valorem tariff would be; positively.

Senator COUZENS. How do you know that the British Columbia manufacturers can not absorb?

Mr. EDGECUMBE. I positively do know it. It is not possible to cut the same quality of shingle at a lesser cost. The costs speak for themselves.

Senator COUZENS. The costs have already been filed for production in Washington and British Columbia?

Mr. EDGECUMBE. The costs are contained in this shingle brief, as well as in the report of the United States Tariff Commission to the President of the United States in 1927.

Senator COUZENS. A tariff of 25 per cent based on the foreign valuation, which is \$4.25, would amount to \$1.06, which added to the foreign price would make the cost of the British Columbia shingle \$5.31. It is your contention that if this should happen, if this tariff should be imposed, forcing the British Columbia shingle to this price, that the American manufacturers of shingles would raise their price to approximately meet that price or a little bit under it?

Mr. EDGECUMBE. I do not think there is any question about it and it would be bound to result in decreasing the sale of the red cedar shingle.

Senator COUZENS. Of course, you admit that this tariff would make it most profitable for the shingle factories in America to operate their business in two ways, first, it would give them a higher price for their output, and, second, it would give them the benefit of practically the entire American market and such foreign markets as they see fit to enter. It would help them in two ways in the practical application of this proposed tariff, as I understand it.

Mr. EDGECUMBE. It would give them the market, it is true. But with their present production they could not take care of this market. The result is that there would be an insufficient supply. For instance, the stained shingle industry, what would they do for shingles? There is not anything like enough shingles of the required grade being manufactured in the States of Washington and Oregon to take care of this entire country?

Senator COUZENS. I do not believe that argument is good because it has been shown in the past year that when the demand arose American ingenuity also arose to the occasion, and I think you will find that America will furnish the demand, whatever it may be, if it is profitable to do so.

Mr. EDGECUMBE. It has been profitable during the past year.

Senator COUZENS. To my mind at this time it is questionable because I have heard both sides state it and to me it is questionable whether or not the shingle industry in the Northwest is profitable. I am not committing myself but to my mind I am not satisfied that it is profitable.

Mr. EDGECUMBE. I may say this, that the price of shingles to-day is the highest that they have been outside of the years 1919 and 1920, the post-war years, and that to my mind they are as high to-day as the trade will stand. Any further increase would result in decreasing the sale of the red-cedar shingle and in time take our market away from us if maintained.

Senator THOMAS. Reasoning from information that you have and others, I think, would have, who are interested in this business, is it not a fact that manufacturers of composition shingles, asbestos shingles, slate-covered shingles, and others of what you might term composition shingles, are at this time secretly hoping that this tariff on shingles will be imposed?

Mr. EDGECUMBE. If they are not they certainly should be because it will greatly benefit them.

In conclusion, I submit that there are no factors that have or can be produced that can, in any way, justify a tariff on cedar shingles. The costs of production of the imported product, the report of your own Tariff Commission proves, are higher on equivalent grades, and at no time have the imported products been sold in this or any other market at a price below that asked by the Washington and Oregon manufacturers, but, on the other hand, the imported product has always been sold at a premium.

There is another thing I would like to bring out before closing, and that is that the proponents of this tariff only represent a part of the manufacturers of cedar lumber and shingles in the States of Washington and Oregon. This you can confirm by referring to the list of those seeking a tariff. The others, and among them are represented some of the largest manufacturers, are either definitely opposed to a tariff or are indifferent. This being so, and these men can not see where a tariff can benefit their business, I contend that even outside of the fact, that the facts prove that a tariff is not justified, that this further proves my contention.

Senator COUZENS. Are there any further questions?

Senator WALSH. Will you prepare for the committee some tables or a table, showing how much will be the increase in the cost of building different types of houses if this tariff is levied and becomes effective in increasing the price of shingles?

Mr. EDGECUMBE. I will endeavor to do so.

(Mr. Edgecumbe submitted the following brief:)

BRIEF OF J. A. EDGECOMBE, REPRESENTING THE EDHAM CO. (INC.), MINNESOTA TRANSFER, MINN., AND OTHERS

A part of the red cedar shingle industry of Washington and Oregon appealed to Congress for tariff protection against imports from British Columbia and was granted a 25 per cent ad valorem duty in the bill passed by the House of Representatives.

A voluminous record in opposition to this tariff is contained in the printed documents of the Ways and Means Committee hearing. We do not propose to encumber the records of the Senate Finance Committee with this material, since we have placed in the hands of the Finance Committee and other Senators an index to the record which will enable any member to fully inform himself of the facts and figures pertaining to the cedar-shingle industry.

It is our purpose here to present briefly the proposition that no facts, figures, or sound arguments, have so far been advanced in support of a tariff on cedar shingles; that the proponents of such a tariff have confined themselves to the argument that their industry is sick and in a deplorable condition, which they attribute to the competition of Canadian shingles, but fail to substantiate with facts.

We assume that pleas for a protective tariff must be supported by facts before tariff legislation will be enacted. The usual theory (and, we are told, the one underlying the present revision) is that a tariff is intended to protect an industry against lower labor and other costs and lower prices abroad with which the domestic industry can not compete without such tariff aid. That any such conditions exist in regard to shingles is completely and adequately disproved by the briefs and testimony filed with the Ways and Means Committee, and as well by the official and unbiased report of the United States Tariff Commission to the President on the red cedar shingle industry. This official report includes comprehensive analysis of costs, prices, qualities, methods of marketing, and other economic facts pertaining to the shingle industry of Washington and Oregon and British Columbia. It shows that costs are higher in British Columbia, not only in general, but on a comparison grade by grade between British Columbia

and Washington and Oregon shingles. It shows that material costs per thousand shingles are higher in British Columbia; that the wage scales are much alike; that that labor costs are higher in Canada. It, moreover, shows that Canadian imports are almost entirely high-grade edge-grain shingles which do not compete directly with the bulk of the Oregon and Washington production which is low-grade slash-grain shingles.

It further shows that the competition of composition roofings, antishingle ordinances, and lack of proper marketing methods have been the chief factors leading to such depression as may have existed in the shingle industry of Washington and Oregon. This information contained in the official report of the Tariff Commission is supplemented and corroborated by other data filed with the Ways and Means Committee.

In addition, these records show in detail that the cedar resources of Washington are being rapidly depleted, that there is only 15 years' supply of cedar timber in private ownership at the present rate of production, that the decline in production of shingles in Washington and Oregon is very largely due to this depletion, to the low-grade character of the product manufactured, and to the inroads into the roof-covering market of other types of roofing. It also brings out the fact that the cedar shingle industry of Washington and Oregon has become a by-product industry, subsidiary to the export of cedar logs and the manufacture of cedar lumber, while in British Columbia it is a major industry using better logs and manufacturing to produce a major high-grade product.

The testimony and briefs already filed further demonstrate that a new industry dependent upon the British Columbia high-grade edge-grain shingle for its raw material has been built up in the United States. This is the stained shingle industry which now uses over 15 per cent of our shingle consumption.

The record further demonstrates that instead of being detrimental to the domestic industry, the importation of British Columbia shingles has been a large factor in stemming the tide toward substitution of patented roofings for shingles, and in combatting antishingle ordinances in our cities and consequently in keeping shingles before the public, and retaining a market for shingles.

The proponents of the tariff have made much of the decline and depression in their industry and of the fact that the shingle business has not always been profitable. Briefly, the arguments may be reduced to a series of questions:

1. Is the decline in the volume of shingles produced in Washington and Oregon due to loss of markets to Canadian shingles?

No. It has been shown to be due to the decline in cedar supply, to the subordination of shingle manufacture to other types of cedar use; to the decreasing amount of cedar in the stands of timber now being logged, and to the competition of other roofing materials which have found the low-grade slash-grain shingle manufactured in Washington very easy competition, particularly as the industry is not adequately organized, does not promote its product, and does not maintain adequately standardized grades. (Ways and Means Committee hearings, vol. 15, pp. 9232-9236, 9299; Tariff Commission Report on Shingles, pp. 10, 51-58.)

2. Are the shutdowns of mills which have been brought forward by the proponents of a tariff due to competition from British Columbia?

No. The shutdowns are most often occasioned by lack of market for the type of shingles which constitute the bulk of production of the product in Washington and Oregon; by local scarcity of cedar logs, and by the generally seasonal character of operations. The average output per shingle mill in Washington has increased 122 per cent in the last 15 years. (Ways and Means Committee hearings, vol. 15, pp. 9236-9238, 9248-9249, 9284, 9288.)

3. Do the shingle mills of Washington and Oregon suffer by price competition from Canada?

They do not. The record shows conclusively that grade for grade imported shingles sell for from 20 cents to 50 cents per thousand more than the Oregon and Washington shingle. (Ways and Means Committee hearings, vol. 15, pp. 9239, 9272, 9283, 9294-9295; Tariff Commission Report on Shingles, pp. 72-74.)

4. Does the Washington and Oregon shingle industry suffer by reason of lower production costs in Canada?

No. This is conclusively proved by the cost figures in the United States Tariff Commission's report to the President (March 2, 1927), and is further substantiated by other data in the record. The following table showing comparative costs and wage scales in two shingle mills, one in Washington and the other in British Columbia, operated under the same general management, is of interest in this connection:

*Comparative average shingle-mill wages paid in Washington and British Columbia
as of December 31, 1928*

	Washington—Bloodel- Donovan Co.	British Columbia— Bloodel, Stewart & Welch (Ltd.)
Foreman.....	\$300 per month.....	\$350 per month.
Sawyers (19-inch shingles, including 5X, extra clears and stars).....	\$0.25 $\frac{1}{4}$ per thousand.....	\$0.28 per thousand.
Sawyers (18-inch shingles, perfects and eureka).....	\$0.27 $\frac{1}{4}$ per thousand.....	\$0.30 per thousand.
Packing 16-inch shingles.....	\$0.15 $\frac{1}{4}$ per thousand.....	\$0.17 per thousand.
Packing 18-inch shingles.....	\$0.16 $\frac{1}{4}$ per thousand.....	\$0.18 per thousand.
Cut-off sawyer.....	\$0.62 $\frac{1}{4}$ per hour.....	\$0.70 per hour.
Block pliers.....	\$0.52 $\frac{1}{4}$ per hour.....	\$0.60 per hour.
Filers.....	\$9 per day.....	\$13.50 per day.
Oilers.....	\$0.42 $\frac{1}{4}$ per hour.....	\$0.45 per hour.
Nut splitters.....	\$0.55 per hour.....	\$0.60 per hour.
Clean-up man.....	\$0.42 $\frac{1}{4}$ per hour.....	\$0.40 per hour.
General unskilled labor.....	Do.	Do.
Night rate for sawing.....	\$0.01 per thousand addi- tional.	\$0.02 additional.

Average cost per thousand shingles in Washington, \$2.45. Average cost per thousand shingles in British Columbia, \$2.92. (Ways and Means Committee hearings, pp. 9240, 9244, 9286, 9296; Tariff Commission report on shingles, pp. 24-48, 79.)

5. Would a tariff which shut out British Columbia shingles help the American industry?

It would not. The American low-grade shingle does not compete directly with the Canadian product, which is 98 per cent high-grade edge-grain shingles, while the Washington and Oregon product is 80 per cent low-grade slash-grain shingles. The direct and serious competition for low-grade shingles, as is shown by the record again and again, is patented roofings. High-grade British Columbia shingles have helped to keep shingles on the manufacturing map. (Ways and Means Committee hearings, vol. 15, pp. 9251, 9277, 9278.)

6. Is American labor discriminated against by cheap foreign labor in Canada?

It is not. The labor cost for shingles is higher in Canada. The wage scales are very close between the two regions, and labor is to a considerable extent interchangeable. (Ways and Means Committee hearings, vol. 15, pp. 9241-9244, 9287, 9290, 9291, 9218, 9219, 9633; Tariff Commission report on shingles, pp. 20-25, 49, 78, 79.)

7. Has the Canadian industry suffered periods of depression similar to those in Washington and Oregon?

It has, for it has felt the competition of substitutes to a certain extent and the depression in the agricultural industry has had the same effect on the shingle industry both here and in Canada. (Tariff Commission report on shingles, p. 55.)

8. Are Canadian shingles ever dumped on the American market to the detriment of the American product?

No. There is not one particle of evidence of any sort in the record to substantiate such a statement, while there is ample evidence to controvert it. (Tariff Commission report on shingles, pp. 72-74.)

9. Is the shingle industry of Washington and Oregon now depressed?

It is not. Since the proponents of a tariff first appeared before the Ways and Means Committee, shingle prices have advanced on various grades from 25 to 38 per cent, which is more than the tariff asked for.

10. Did the removal of the tariff carried in the Payne-Aldrich law, which was removed in 1913, have an adverse effect on the shingle industry?

It did not, as is shown by the record and report in 1914 of the Department of Commerce. On the other hand, during the four-year period from 1909 to 1913, during which the Payne-Aldrich law was in effect, the production of shingles in the United States decreased 1,000,000,000 shingles annually. (Ways and Means Committee hearings, vol. 15, p. 9237; Tariff Commission report on shingles, p. 50.)

11. Do all of the shingle manufactures of Washington and Oregon desire a protective tariff as a remedy for conditions in their industry?

Apparently, they do not, as only a relatively small number have been parties to the briefs and appearances before the Ways and Means Committee. (Ways and Means Committee hearings, vol. 15, p. 9197.)

12. Is it true that the common labor wage scale is \$3 in Canada and \$4 in Washington and Oregon?

No, this is not true at present, nor was it true at the time the Tariff Commission made its report. At that time \$3 was the minimum for common labor in shingle mills in Canada, whereas the \$4 was prevailing wage for common labor in Washington and Oregon. Since that time Canada has passed the minimum wage law which fixes \$3.20 as the minimum for eight hours common labor and it averages about \$3.75. In Washington \$4 is still the prevailing rate but there is a great deal of labor employed at \$3.50 per day. This, however, is not an important question. The bulk of the pay roll in shingle mills is on a piece-work basis and the report of the Tariff Commission shows that piece-work rates average as high or higher in British Columbia than they do in Washington. (Ways and Means Committee hearings, vol. 15, pp. 9244, 9287, 9618-9619, 9633; Tariff Commission report on shingles, pp. 24, 25, 49.)

13. Is the employment of oriental labor in the shingle mills of British Columbia a reason for a protective tariff to protect labor in Washington and Oregon?

It is not. Oriental labor is decreasingly employed in British Columbia. A little of it is employed in Washington and Oregon. In both countries the tendency has been away from it but the important point is that oriental labor is paid as well or even better, particularly in piecework, than white labor. Consequently, it does not enter as a competitive factor and does not have any effect on the wages or employment in Washington and Oregon. It becomes a purely Canadian domestic question from this point of view and not an argument for a protective tariff, just as the employment of 100,000 negroes in the lumber industry in the South is a purely domestic question in the United States. (Ways and Means Committee hearings, vol. 15, pp. 9242, 9243, 9290, 9291; Tariff Commission report on shingles, pp. 20-25, 49, 78, 79.)

14. Is the statement that British Columbia shingles sometimes depress the price in the domestic market true?

It is not. Not one scrap of evidence has been produced by the proponents of the tariff on shingles to show even an isolated case of lower prices made on Canadian shingles on comparable grades as compared with Washington and Oregon shingles; the record is full of evidence to the effect that prices, grade for grade, are higher on the British Columbia product. (Ways and Means Committee hearings, vol. 15, pp. 9272, 9273, 9283, 9294, 9295; Tariff Commission report on shingles, pp. 72-74.)

15. Is it true, as the proponents of the tariff contend, that raw material costs are lower in Canada than in the United States?

Absolutely not. The report of the United States Tariff Commission, under date of March 2, 1927, on the red-cedar shingle industry, shows by actual figures from books of record that the raw material costs per thousand shingles is materially higher in British Columbia than in Washington and Oregon. The contentions of the proponents of the tariff on this point are fallacious since they seek to prove it by comparing the price of logs in British Columbia and on Puget Sound in Washington. It is common knowledge that the method of scaling (measuring) logs differ in British Columbia from that used in Washington and Oregon, and that a thousand feet log scale in British Columbia contains from 12 to 15 per cent less material than a thousand feet log scale in Washington and Oregon. The Canadian shingle mills may be said to be paying for a short ton while the Washington and Oregon mills are buying a long ton, and prices for the two are not directly comparable. Furthermore, there is a difference in grading of logs on the two sides of the International Boundary and prices can not be directly compared, grade for grade. It is by ignoring these facts that the proponents of the tariff have endeavored to prove lower material costs in British Columbia than in Washington and Oregon. The nub of the question, however, is in the cost of the manufactured product and that, as has been stated, has been amply proved by the record and by the Tariff Commission's investigations to be higher in British Columbia. (Ways and Means Committee hearings, vol. 15, pp. 9245, 9246, 9288-9290; Tariff Commission report on shingles, pp. 11, 12, 36-45, 48, 49.)

16. Is the importation of Canadian shingles desirable from the point of view of conservation?

It is, since it opens to the American consumer an additional supply that will tend to prolong the life of the cedar timber in Washington and Oregon. This is most essential in view of the fact that the record shows that at the present rate of consumption in Washington and Oregon, the privately owned supply of cedar timber will be practically exhausted in 15 years. (Ways and Means Committee hearings, vol. 15, pp. 9248-9250, 9252.)

17. Is it true that British Columbia ships its lower grade cedar logs to Washington and retains the better grades?

No, this is the reverse of the facts. British Columbia exports to the United States considerable quantities of high-grade cedar logs. Elsewhere British Columbia exports chiefly low-grade logs.

Export figures from British Columbia to Puget Sound for July, August, and September, 1928, on cedar logs

	Feet
No. 1 logs.....	330, 402
No. 2 logs.....	1, 803, 876
No. 3 logs.....	1, 358, 520

61 per cent upper-grade logs.

18. Can the mills of Washington and Oregon make a better grade shingle or a higher per cent of better grades?

Yes.

19. Why don't they?

Because, for the most part, the manufacturers in Washington and Oregon have subordinated shingle manufacture to exporting logs, to cedar lumber manufacture or both. Also because the industry has always striven to reduce shingle costs at the expense of quality, without taking into consideration use requirements or the future of the shingle market.

20. Are shingle grades comparable between British Columbia and Washington and Oregon?

Yes, to a large extent, and according to published specifications.

21. Why then do British Columbia shingles command a higher price, grade for grade?

Because their grades are more uniform and more carefully maintained. Five or ten per cent of lower grade shingles in a grade affects its value more seriously than might at first appear as many customers demand a more uniform product and are willing to pay well for it. (Tariff Commission report on shingles, pp. 14-19, 75-77.)

22. Is the manufacture of high-grade edge-grain shingles wasteful compared with manufacturing low-grade slash-grain shingles, as some have indicated?

No; except in the sense that fewer shingles per thousand board feet can be produced, but the product produced is so much more lasting and satisfactory that to call the production of low-grade slash-grain shingles conservation, is a false idea of economy.

23. Do we export any shingles to Canada?

Yes; we export free of duty about 80,000,000 shingles in a year to Canada, and actually undersell the Canadian shingles in their home market.

24. Is there any sound reason for a protective tariff?

None has been advanced and all evidence produced indicates the contrary.

25. What will be the amount of a 25 per cent ad valorem duty in dollars and cents?

The advocates of a tariff have indicated it will not exceed more than 50 cents a thousand, but this is not true. The average value of shingles imported last year was \$3.70 per thousand, so the duty would average 92 cents instead of 50 cents and would range from 60 cents to \$3.

26. Are there sound reasons against a tariff on shingles?

There are. It will hasten the depletion of our remaining cedar supply. It will injure a thriving American industry—the stained-shingle industry. It will increase the cost of shingles to the consumer, particularly the farmer. It will in the end injure the American shingle industry through loss of business to other roofing materials. It will injure our trade relations with our best customer—Canada. It may produce retaliatory measures that will destroy a valuable market for our fruit and vegetable growers. And, finally, it can not be justified by cost differences or price disadvantages.

27. What interests are opposed to a tariff on shingles?

Widespread opposition has come from farmers and farm organizations throughout the United States. Retail lumber dealers are almost a unit in their opposition. Opposition is also widespread among wholesalers of lumber and shingles and many lumber manufacturers in all sections of the country are against it, and also numerous forestry conservation organizations who regard it as a menace to our remaining supply of raw material. In short, the opposition is general and widespread.

In conclusion, we wish to point out the fact that in requesting that shingles be removed from the free list and given a 25 per cent ad valorem duty, the burden of the proof that such a step is essential is upon the proponents of the tariff.

May we reiterate that no evidence of a sound character has been advanced that will, in any way, justify a tariff on shingles. It is not reasonable or just to tax the farmers and home builders of this country for the benefit of an industry which, on the basis of all available economic data, does not need protection. If the shingle industry of Washington and Oregon has suffered periods of depression, it has been amply demonstrated that this can not be attributed to cheap shingles from abroad or to any cause produced by the importation of Canadian shingles. There is, on the other hand, an overwhelming mass of evidence to the effect that the depression of the shingle industry in Oregon and Washington is due to internal causes; that the development of the industry has not been along modern business lines; that it has persisted in an attempt to force upon the public an inferior article for which demand is declining; that it has made no constant effort to meet the competition of patent composition roofing materials by any organized merchandising of its product; and that many of the shingle mills could not, under the most favorable circumstances, benefit from the tariff as any increased price would be absorbed by the loggers of cedar.

A tariff should not be a matter of sentiment. If the protective theory is to survive, it must be based on real needs, and in the case of the shingle industry such needs have not been developed.

We therefore, urge that shingles be restored to the free list.

Submitted by:

THE EDHAM CO. (INC.),
J. A. EDGECUMBE,
President Minnesota Transfer, Minn.

On behalf of the Weatherbest Stained Shingle Co., North Tonowanda, N. Y.; the Creo-Dipt Co. (Inc.), North Tonowanda, N. Y.; J. H. Bloedel, Seattle, Wash.; The Monarch Lumber Co. (operating 52 retail yards), Great Falls, Mont. Arkansas.—Wisconsin & Arkansas Lumber Co., Malvern.

California.—McCloud River Lumber Co., McCloud.

Colorado.—Abbott & Co., Englewood; Barr Lumber Co., Denver; Collier Lumber Co., Colorado Springs; Conover Lumber Co., Denver; Counter Lumber Co., Brighton; Crissey-Fowler Lumber Co., Colorado Springs; Fleming Bros. Lumber Co., Denver; Groves Co., Wray; Harris Lumber Co., Loveland; Hoch & Sons, Yuma; King Lumber Co., Greeley; Littleton Lumber Co., Littleton; Mawson, R. Irl., Co., Fort Collins; Mintener Lumber Co., Denver; Mawson-Peterson Lumber Co., Greeley; Olson Lumber Co., Arvada; Oregon Lumber Co., Denver; Pacific Lumber Co., Denver; Pritohard Lumber Co., Walsenburg; Phillip & Son, Fort Lupton; Pueblo Bldrs. Lumber & Supply Co., Pueblo; Schwartz Co., Longmont; Spencer Lumber Co., Denver; Steele, E. G., Fort Collins; Wallin Lumber Co., Denver.

Connecticut.—Andrews & Peck Co., Hartford; Ansonia Lumber Co., Ansonia; Austin, W. W., Lyme; Bridges Sons (Inc.), Hazardsville; Broad Brook Lumber & Coal Co., Broad Brook; Burritt, A. W., Co., Bridgeport; Canaan Lumber & Coal Co., Canaan; Capitol City Lumber Co., Hartford; Chappell Co., New London; Charter Oak Lumber Co., Hartford; City Coal & Wood Co., New Britain; City Lumber Co., Bridgeport; Columbia Lumber Co., New Haven; Danbury-Brewster Lumber Co., Danbury; Davis (Inc.), Middletown; Dawley, H. F. & A. J., Norwich; DeForest & Hotchkiss Co., New Haven; Dresser & Son (Inc.), Hartford; East Side Lumber Co., East Hartford; Enfield Lumber & Coal Co., Thompsonville; Essex Lumber Co., Essex; Field Co. (Inc.), Madison; Getman & Judd Co., Stamford; Gifford Co. (Inc.), Oakville; Glenney Co., Manchester; Granby Supply Co., Granby; Hall, Harry, Co., New Haven; Hannan Lumber & Supply Co., Bridgeport; Hardware City Lumber Co., New Britain; Hartford Lumber Co., Hartford; Hatch & Bailey Co., South Norwalk; Hillhouse & Taylor, Willimantic; Housatonic Lumber Co., Derby; Hubbell & Merwin Co., New Haven; Iffland Lumber Co., Torrington; Jourdan Lumber Co., Windsor Locks; Lampson Lumber Co., New Haven; Lowenthal Co., Middletown; Maine & Sons Co., Moosup; Manchester Lumber Co., South Manchester; Mattatuck Lumber Co., Waterbury; Meriden Lumber Co., Meriden; Milford Lumber Co., Milford; Moore Co., Stafford Springs; New Britain Lumber Co., New Britain; Northrop Bros., Southport; Phillips, Chas. H., Plainfield; Platt, E. C., Hawleyville; Raymond & Alexander Lumber Co., New London; Rcd Wing Feed & Lumber Co., Colchester; Senior, H. B., Bethel; Seymour Commercial Co., Seymour; Shelton Lumber Co., Shelton; Smith, J. E., Co., Waterbury; Southington

Lumber & Feed Co., Southington; Spencer, Franklin D., Gullford; Strong & Hale Lumber Co., Portland; Swift & Upson Lumber Co., New Britain; Thames Lumber Co., New London; Thompsonville Lumber Corporation, Thompsonville; Thorpe, Wm. L., North Haven; Torrington Lumber Co., Torrington; Tracy Bros. Co. (Inc.), Waterbury; Wallingford Lumber Co., Wallingford; Wethersfield Lumber Co., Wethersfield; West End Lumber Co., Bridgeport; Wheaton Building & Lumber Co., Putnam; Willimantic Lumber & Coal Co., Willimantic.

Delaware.—Brandywine Lumber Co., Wilmington; Hartnett, Maurice A., Dover; Simmons & Bros., Wilmington.

District of Columbia.—Turover, I. S., Washington.

Florida.—Mahoney Lumber Co., Jacksonville.

Georgia.—Upchurch, W. J., & Co., Thomasville.

Idaho.—Winton Lumber Co., Gibbs.

Illinois.—Acorn Lumber Co., Chicago; Adams-Kennedy Lumber Co., Chicago; Alexander Lumber Co., Aurora; Alexander-Carr Lumber Co., Aurora; Alexander-Dailey Lumber Co., Joliet; Allen Lumber Co., Chicago; Anderson Lumber Co., Chicago; Bader Lumber Co., Chicago; Bahe, E. J., & Co., Chicago; Big Bay Lumber Co., Chicago; Bishop Lumber Co., Chicago; Brittingham & Hixon Lumber Co., Aurora; Builders Lumber Co., Decatur; Chicago & Riverdale Lumber Co., Chicago; Chicago Mill & Lumber Co., Chicago; Cornish Lumber Co., Aurora; Danville Lumber Co., Danville; Davis & Hopkins Lumber Co., Princeton; DeVries & Co., Chicago; Feltus, R. T., Lumber Co., Chicago; Geister Bros., Elgin; Ginter-Wardern Co., Alton; Gourley & Co., Highland Park; Goodwillie-Green Box Co., Rockford; Guaranteed Fuel & Supply Co., Homewood; Herbert, W. A., & Co., Chicago; Hettler Lumber Co., Chicago; Holcomb-Dutton Lumber Co., Sycamore; Hunter Associates (10 yards), Henry; Hunter, Allen & Co., Marseilles; Ibsen, C. L., Co., Chicago; Jeter & Boston, Yorkville; Joseph Bros. Lumber Co., Chicago; Kelso & Tuohy, Chicago; Lammers, A. W., & Co., Chicago; Leach Bros. Lumber Co., Joliet; Leising, J. F., Co., Chicago; Lord & Bushnell Co., Chicago; Lyons Bros. Lumber & Fuel Co., Joliet; Mall, Frank, Lumber Co. (Inc.), Aurora; Maxwell Bros., Chicago; Mercer Lumber Co., Hubbard Woods; Moore, C. B., & Co. (4 yards), Aurora; Oswego Lumber Co., Oswego; Patterson, G. G., Rockford; Porter, Frank, Lumber Co., Chicago; Pilsen Lumber Co., Chicago; Reitch Bros. Lumber Co., Rockford; Rittenhouse & Embree Co., Rockford; Rohe Lumber Co., Blue Island; Rubenstein Lumber Co., Chicago; Sharback Lumber Co., Chicago Heights; Squires & Fisher Lumber Co., Chicago; Stewart, A. T., Lumber Co., Chicago; Terry Lumber Co., Aurora; Thornton Lumber Co., Chicago; White & Todd, Aurora; Winnetka Coal-Lumber Co., Winnetka; Wisconsin Lime & Cement Co., Chicago; Zeckman Lumber Co., Chicago.

Indiana.—City Lumber Co., South Bend; East Gary Lumber & Coal Co., East Gary; Farver Lumber Co., Shipsewana; Fort Wayne Builders' Supply Co., Fort Wayne; Frank Lumber Co., Mishawaka; Frey Bros. Lumber Co., Michigan City; Grant Street Lumber Co., Gary; Henry Lumber Co., Michigan City; H. & H. Lumber & Coal Co., Rochester; Hobart Lumber Co., Hobart; Home Lumber Co., Elkhart; Indiana Lumber Co., South Bend; Marquette Lumber Co., South Bend; Mishawaka Lumber Yard, Mishawaka; National Lumber Co., South Bend; Newman-Monger Lumber Co., Elkhart; New Chicago Lumber & Coal Co., Gary; North Side Lumber Co., Mishawaka; North Side Lumber Co., South Bend; Ockley Lumber & Supply Co., Ockley; Osceola Lumber Co., Osceola; Ridge Lumber & Coal Co., Gary; Rivor Park Lumber Co., South Bend; Scharback Sons, Hobart; South Bend Lumber Co., South Bend; South Side Lumber Yard, South Bend; State Line Lumber & Supply Co., South Bend; Steel City Lumber & Supply Co., Gary; St. Joseph Valley Lumber Co., South Bend; Superior Lumber & Supply Co., Gary; U. S. Lumber & Supply Co., South Bend; Voorhees Lumber Co., Flora; Walter Lumber Co., Wakarusa; West Side Lumber Yard, South Bend.

Iowa.—Bradgate Lumber Co., Bradgate; Brighton Lumber Co., Brighton; Burgess & Sons, Cresco; Burlington Lumber Co., Burlington; Calmar Mfg. Co., Calmar; Central Lumber & Supply Co., Burlington; Century Lumber Co., Des Moines; Curtis Companies (Inc.), Clinton; Dayton Lumber Co., Dayton; Farley-Loetscher Co., Dubuque; Farmers & Cooperative Co., Clear Lake; Farmers' Cooperative Elevator Co., Lincoln; Fletcher Lumber Co., Ottumwa; Gates-Hoadley Lumber Co., Marble Rock; Cable, George W., Fairfield; Hall & Weir, Mount Pleasant; Hane Lumber Co., Cedar Rapids; Hedges Lumber & Coal Co., Mount Vernon; Hedge Lumber Co., Burlington; Independent Lumber Co., Keokuk; Iowa Builders Supply Co., Cedar Rapids; Lake Mills Lumber Co., Lake Mills; Limeback Lumber Co., Cedar Rapids; Lovell-Scholfield Lumber Co., Eldora;

Mason City Lumber Co., Mason City; McIveen & Co., Prairie City; McGavie Lumber Co., Ottumwa; Merrill, J. D., Lumber Co., Sioux City; Midwest Lumber Co., Dubuque; Miles, W. A., State Center; Miller, W. B., & Son, Alden; Moeller & Walter, Reinbeck; Nagle Lumber Co., Cedar Rapids; Nelson, P. T., & Sons, Boone; Newton, Glen R., Nevada; Northern Lumber Co., Estherville; Ogden Lumber Co., Cedar Rapids; Otis Lumber Co., Boone; Page, L. A., Lumber Co., Mason City; Pauls Lumber Co., Washington; Pickard & Son, East Pleasant Plain; Rand Lumber Co., Burlington; Repp, D. W., Iowa Falls; Saxerud, A. A., & Son, Lake Mills; Slagle, F. M., & Co., Alton; Streeter Lumber Co., Keokuk; Swan Lumber Co., Keokuk; Taber Lumber Co., Keokuk; Tisdale Lumber Co., Ottumwa; Townsend & Merrill Co., Cedar Falls; Webster-Potter Lumber Co., Mason City; Waits-Baxter Lumber Co., Cedar Falls; Wearth & Peaslee Lumber Co., Lawrence; Westerman, C. H., Lumber Co., Rockwell City; Wisconsin Lumber Co., Cedar Rapids.

Kansas.—Anawalt-Campbell Mercile Co., Dodge City; Anawalt-Campbell Mercile Co., Wichita; Arkansas Valley Lumber Co., Wichita; Bon Ami Lumber Co., Caney; Brock Lumber Co., Wichita; Crowell Lumber Co., Attica; Capital City Brick & Coal Co., Topeka; Chicago Lumber Co., Topeka; Conley Lumber Co., (line yards); Davidson & Case Lumber Co., Wichita; Deal Lumber Co., Wichita; Dierks-Peters Lumber Co., Moundridge; Emporia Lumber & Coal Co., Emporia; Fair Lumber Co. (7 yards), Sterling; Friend Lumber Co., Lawrence; Golden Belt Lumber Co., Manhattan; Graves Lumber Co., Greensburg; Hanger-Halliday Lumber Co., Wellington; Heck Lumber Co., Topeka; Houston Lumber Co. (line yards); Howell, A. C., Lumber Co., Marysville; Hubbard-Constant Lumber Co., Ottawa; Independent Lumber Co., Pratt; Isely Lumber Co., Dodge City; Jay Lumber Co., Topeka; Kessler Lumber & Supply Co., Wichita; La Crosse Lumber Co., La Crosse; Lake Superior Lumber Co., Ellsworth; Liberal Lumber Co., Liberal; Light Lumber Co., Liberal; Linds Lumber Co., Wichita; Mackey-McBrayer Lumber Co., Kiowa; McAllister-Fitzgerald Lumber Co., Garden City; Phillips Lumber Co., Greensburg; Sauder Lumber Co., Lamont; Sharon Lumber Co., Sharon; South Lawrence Lumber Co., Lawrence; South Topeka Lumber & Supply Co., Topeka; Star Lumber Co., Liberal; Stroup Lumber Co., Garden City; Swahn Lumber Co., Parsons; Swartz Lumber Co., Winfield; Vogt & Dyck Lumber Co., Moundridge; Wood, John M., Lumber Co., Meade.

Kentucky.—Combs Lumber Co., Lexington; Curran-Smith Lumber Co., Lexington; Ho-Bo Lumber Co., Winchester; Jackson Lumber Co., Lexington; Perry Lumber Co., Lexington; Savage Lumber Co., Lexington; Scobee, R. P., & Son, Winchester; Smith-Haggard Lumber Co., Lexington.

Maine.—Andrew, L. C., South Windham; Cooper & Co., Belfast; Cushman Lumber Co., Brewer; Delano Mill Co., Portland; Doten, S. H. & A. R., Portland; Farnham Co. (Inc.), Bath; Fox Lumber Co., Portland; Gendron Lumber Co., Sanford; Glover, W. H., Co., Rockland; Hooper, W. H., Castine; Mabee, Thos. F., Eastport; Moon, R. H., Co., Bar Harbor; Moree & Co., Bangor; Passmore, H. T., Bath; Pierce & Hartung, Boothbay; Pineland Lumber Co., Lewiston; Pinkham, Niles C., Fort Kent; Smith & Rumery Co., Portland; Ware-Butler (Inc.), Waterville; Weston, A. J., Co., Mechanic Falls; White, J. W., Co., Lewiston; Wilson Lumber Co., Portland.

Maryland.—Cumberland Lumber Co., Cumberland; Dorchester Lumber Co., Cambridge; Gels, John H., & Co., Baltimore; Helfrich, Geo., & Sons, Baltimore; Thomas, W. M., Lumber Co., Annapolis; Thomas, Wm. O., & Son, Sudlersville.

Massachusetts.—Achusmot Saw Mills Co., New Bedford; Anders Lumber Co., Springfield; Ashley, M. F., & Co., Attleboro; Atlantic Lumber Co., Boston; Bailey & Co. (Inc.), Northampton; Barker Lumber Co., Fall River; Barker Lumber Co., Waltham; Barney & Carey Co., Dorchester Center Station; Barrett Lumber Co., Boston; Barrington Lumber & Supply Co., Great Barrington; Basley Lumber Co., Newtonville; Bay State Lumber Co., Roxbury; Bean & Poore, Lawrence; Bennett, L. E., Wakefield; Bickford, H. M., Co., Boston; Black, Albert J., Medway; Blacker & Shepard Co., Boston; Borden, Guiney & Kendall Co. (Inc.), Fall River; Boston Lumber Co., Boston; Brockway, Smith, Haigh, Loyell Co., Charlestown; Brooks Construction & Lumber Co., Newburyport; Brown Bros. Co. (Inc.), Gardner; Bruce Flooring Corporation, Chelsea; Burnham & Davis, Lumber, Lowell; Canney Lumber Co., Ipswich; Casper-Ranger Lumber Co., Holyoke; Caulkins, Frederick J., Boston; Central Lumber & Supply Co., New Bedford; Chace, A. Mervin, Boston; Chairetown Lumber Co., Gardner; Chase, C. P., & Co. (Inc.), Springfield; Chase Lumber Co., Haverhill; Cheney Lumber Co. (Inc.), Winchendon; Chester & Co., Boston; City Lumber Co., Charlestown (Boston); Cook-Borden Co. (Inc.), Fall River; Cookman

Lumber Co., Northampton; Crompton & Knowles, Worcester; Curtis, Wm., Sons Co., Boston; Curtis & Pope Lumber Co., Boston; Cutler Lumber Co., Hubbardstown; Davenport Peters Co., Boston; Dean-Penney Co., Brockton; Dean Street Builders Supply, Taunton; Decker Co. (Inc.), Springfield; Deering Lumber Co., Melrose; Denison-Cannon Co., Boston; DeWitt & Son, North Easton; Diehl & Son (Inc.), Wellesley; Doane & Williams Co. (Inc.), Holyoke; Duxbury Coal & Lumber Co., Duxbury; Dyke Lumber Co., Worcester; Elder & Co., Amherst; Ferry & Son (Inc.), Pittsfield; Foster Co., South Hanson; Foxboro Coal Co., Foxboro; Framingham Lumber Co., Framingham; Franklin County Lumber Co., Greenfield; Friend Lumber Co., Medford; Fuller, G., & Son Lumber Co., Brighton; Fuller & Son, Clinton; Gibbs Lumber Co., Boston; Gilbert & Cole Co., Marblehead; Gillespie Lumber Co., Boston; Godfrey Lumber Co., Boston; Goodnow, Jos., & Co., Boston; Goodrich Co., Duxbury; Greer, Edwin K., Wareham; Griffin Bros., Onset; Grossman Building Supply Co., Brockton; Guernsey-Westbrook Co., Boston; Hall, John G., & Co., Boston; Hammond, Edward Carleton, Boston; Hammond, Edward J., Boston; Harwich Lumber Co. (Inc.), Harwich; Hawkins Co. (Inc.), Boston; Hinckley & Son Co., Hyannis; Hinckley & Son Co., Yarmouth Port; Hobart & Co., Boston; Holyoke Lumber Corporation, Charlestown; Hooper & Son, Rockport; Hunter, Herbert F., Boston; Hutchinson Lumber Co., Lynn; Hyde, Donald B., & Meyers, Newtonville; Ingalls, E. K., Watertown; Island Service Co., Nantucket; Jones Hardwood Co., Boston; Kimball & Son, Hingham; Knox, W. E., Wakefield; Lang Lumber Co., Everett; Lanpanald & Sons, Salem; Larkin Lumber Co., Hudson; Leatherbee, A. F., & Co., Boston; Leatherbee-McDonough Co., Boston; Leeming, O. H., Fall River; Lucas, M. Frank, West Newton; Lumber Supply Co. (Inc.), Springfield; McQuesten Co., East Boston; Mansfield Lumber Co., Mansfield; Marcoullier Bros. Lumber Co. (Inc.), Westfield; Marcy Lumber Co., Palmer; Merrick Lumber Co., Holyoke; Merrimac Lumber Co. (Inc.), Amesbury; Murphy, John C., South Boston; Naus & Sons, Gloucester; Nicholson, John G., New Bedford; Nims, B. D., West Springfield; Norfolk Lumber Co., Stoughton; Norfolk Lumber Co., Bridgewater; Norfolk Woodworking Co., Quinch; Orange Lumber Co., Orange; Pacific Coast Lumber Co., Boston; Palmer Lumber Co., Somerville; Parker & Page Co., East Cambridge; Perry & Whitney Co., Boston; Philbrick Co., Boston; Phillips, Bates & Co., Hanover; Pitman Estate, Andover; Pond Lumber Co., Small Lake (Boston); Pope & Cottle Co., Chelsea; Pope Lumber Co., West Roxbury; Pratt, Amasa Co., Lowell; Pratt & Forest Co. (Inc.), Lowell; Pratt, W. M., Charlemont; Ramsay, Frederick S., Boston; Rhines Lumber Co., Weymouth; Rice, J. D., Charlemont; Rice & Lockwood Lumber Co., Springfield; Richards & Davis Co., Fall River; Robbins & Son Co., Indian Orchard; Roy Lumber Co., Chicopee; Rud Lumber Co., North Abington; Rugg Manufacturing Co., Greenfield; Russell & Co., Boston; Russell Lumber Co., Lowell; Ryder Grain Co., East Bridgewater; Sampson & Kierstead, Plymouth; Sanders Lumber Co., Taunton; Savage Lumber Corporation, Boston; Sawyer Lumber Corporation, Cambridge; Sawyer Lumber Co., Worcester; Sears Lumber Co., Middleboro; Shepard & Morse Co., Boston; Southern Pine Sales Corporation, Brookline; Springfield Lumber Corporation, Springfield; Squier & Co., Monson; St. Croix Lumber Co., Boston; Stebbins Lumber Co., Boston; Stevens Lumber Co., Boston; Stone, H. L., Haverhill; Stone & Berg Lumber Co., Worcester; Stoughton Lumber Co., Stoughton; Street Lumber Co., South Hadley Falls; Swain & Boggs Co., Boston; Swezey Lumber Co., Malden; Swift Hardwood Lumber Co., Boston; Synan & Pierce, Fall River; Taunton Lumber Co., Brockton; Taylor-Goodwin Co., Haverhill; Thibert Lumber Co., Springfield; Tilton Lumber Co., Nineyard Haven; Tim-Manson Co., East Boston; Trask Warren Co., Boston; Waltham Lumber Co., Waltham; Ware Lumber Co., Ware; Waverley Lumber Co., Waverley; Webber Lumber & Supply Co., Fitchburg; Webster Lumber Corporation, Watertown; Webster, Dayton A. (Inc.), Brookline; Welch Co., Scituate; Weston Co., Boston; Weymouth Lumber Co., Weymouth; White Lumber Co., Boston; Whitney Co., Hingham; Wiggin Lumber Co., Boston; Wiggin Terminals (Inc.), Boston; Wilson Lumber Co., Concord; Wood Lumber Co., Falmouth; Woods, John M., & Co., East Cambridge; Woods, & Co., Framingham; Woodstock Lumber Co., Boston; Woodward, W. W., Athol; Wyman-Allen Lumber Co., Charlestown; Young, E. C., Co., Randolph.

Michigan.—Alblon Lumber Co., Alblon; Augusta Lumber Co., Augusta; Rabbitt Lumber Co., Niles; Bauchat Lumber Co., Pontiac; Benson & Co., Pontiac; Bliss & Van Auken Lumber Co., Saginaw; Booth & Boyd Lumber Co., Saginaw; Boyd & Horne Lumber Co., Detroit; Bradley-Miller Co., Bay City; Braun Lumber Co., Detroit; Bressler Lumber & Coal Co., Saginaw; Brewer Coal & Lumber Co., Jackson; Capitol City Lumber Co., Lansing; Citizens Lum-

ber Co., Sturgis; Colborn Fulton Lumber Co., Charlotte; Corlett & Sons, Lansing; Corwin Lumber Co., Jackson; Davidson, Howard A. (Inc.), Detroit; Detroit Door & Sash Co., Detroit; Detroit Lumber Co., Detroit; Deuel Lumber Co., Marshall; Dixie Lumber Co., Pontiac; Foss, E. B., & Co., Bay City; Frederick & Co., Bronson; Fuller Lumber Co., Hastings; Furstenberg-Bros., Saginaw; Galesberg Lumber Co., Galesburg; Gates Boyer, Union City; Genesee Lumber & Coal Co., Flint; Grace Harbor Lumber Co., Detroit; Graves & Ford Lumber Co., North Adams; Grigg-Hanna Co., Detroit; Gumaer Lumber & Coal Co., Ovid; Hager & Cove Lumber Co., Lansing; Hall Lumber Co., Lansing; Hartwick-Woodfield Lumber Co., Jackson; Holly Lumber & Supply Co., Holly; Hughes Herman, Flint; James Lumber Co., Flint; Jickling, A. C., Comstock; Jonesville Lumber Co., Jonesville; Judson Lumber Co., Detroit; Keep & Martinson, Tekonsha; Kotcher Lumber Co., Detroit; Lakeside Lumber Co., Muskegon; Langeland Manufacturing Co., Muskegon; Larson Lumber Co., Flint; Lawson Lumber Co., Birmingham; Leech Lumber Co., Detroit; Little Rock Lumber & Coal Co., Alma; Love Lumber Co., Flint; May Lumber Co., Flint; McCurdy Coal & Supply Co., Detroit; McIvor Lumber Co., Detroit; McKee Lumber Co., Lansing; Michigan Lumber & Fuel Co., Flint; Mickelson Baker Lumber Co., Mason; Mouthrop Lumber Co., Birmingham; Nason Bros., Chesaning; North Lumber & Supply Co., Kalamazoo; Owosso Lumber & Coal Co., Owosso; Restrick Lumber Co., Detroit; Riker Lumber Co., Lansing; Swartzmiller Lumber & Grain Co., Chesaning; Stone Lumber Co., Jackson; Sturgis Lumber & Supply Co., Sturgis; Symes, Geo. W. Co., Bancroft; Togan-Stile (Inc.) (6 yards), Grand Rapids; Wagner Lumber & Shingle Co., Grand Rapids; West End Lumber Co., Detroit.

Minnesota.—Alexander, M. S., Lumber Co., Owatonna; Alexandria Lumber Co., Alexandria; Anderson Lumber Co., Bayport; Anderson Lumber Co., Minneapolis; Arendt & Wartman, Watkins; Bardwell-Robinson Co., Minneapolis; Berge, H. H., Lumber Co., Minneapolis; Bruer Lumber Co., Minneapolis; Carpenter Lumber Co. (16 yards), Minneapolis; Central Lumber Co., (81 yards), Minneapolis; Crandall-Kath Lumber Co., Minneapolis; Crane Lumber Co., Austin; Everts, F. A., Lumber Co., Battle Lake; Foote Lumber & Coal Co., Minneapolis; Gale Gunner Lumber Co., Minneapolis; Ingvolstad Lumber Co., St. Paul; Krueger-Broughton Co., Minneapolis; Lake Street Sash & Door Co., Minneapolis; Lampert Yards (Inc.), Minneapolis; Lampert Yards (Inc.), St. Paul; Lampert Bros. Lumber Co., Minneapolis; Lampland Lumber Co., St. Paul; Matt Hall, St. Cloud; Melone-Bovey Lumber Co. (3 yards), Minneapolis; Midland Lumber & Coal Co., Minneapolis; Northwestern Sash & Door Co., Fergus Falls; Ferrish-Boo Lumber Co., Pine City; Red Diamond Lumber Co., Minneapolis; Rogers Lumber Co. (40 yards), Minneapolis; Sauer, Thos., Lumber Co., Roscoe; Schmid Co., Avon; Simons Lumber Co., Minneapolis; Standard Lumber Co. (38 yards), Winona; Stenerson Bros., Moorhead; St. Joseph's Lumber Co., St. Joseph; Strater, L. E., Lumber Co., Minneapolis; Thompson Lumber Co., Minneapolis; Thompson, R. B., Lumber Co., Minneapolis; Trimble Co., Minneapolis; Underwood Lumber Co., Underwood; Villaume Box & Lumber Co., Minneapolis; Wabash Screen Door Co., Minneapolis; Wanner, Thos., & Son, Richmond; Westerman Lumber Co., Montgomery; Westlund & Westberg Lumber Co., Minneapolis; Winther & Son, Fergus Falls; Woodruff Lumber Co., Duluth.

Mississippi.—Marathon Lumber Co., Laurel; Wausau Southern Lumber Co., Laurel.

Missouri.—Logan-Moore Lumber Co., Kansas City; Seidel Lumber Co., St. Louis; Sloop, E. C. & E. H., Queen City.

Montana.—Neils Lumber Co., Libby; Polleys Lumber Co., Missoula.

Nebraska.—Collier, Charles, Grant; Farmers' Lumber Co., Imperial; Farmers' Lumber & Grain Co., Kimball; Griff Owens, Benkelman; Hallam Lumber & Coal Co., Hallam; Krotter, Fitzgerald & Schroeder, Imperial; Koutsky-Brennan-Vana Co., Omaha; Krotter, F. C., Co., Palisado; Le Sueur, A. R., Sidney; Wertz Bros., Chappell.

New Hampshire.—Chagnon, E. A., Nashua; Concord Lumber Co., Concord; Craig, G. G., Rumney Depot; Hutchins, John C., North Stratford; Hutchinson Building Co., Concord; Littlefield Lumber Co., Portsmouth; Proctor Bros. & Co., Nashua; Robinson-Brett Lumber Co., Keene; Spencer Bros., Lebanon; Tolles, J. F., Co., Nashua; York, E. J., Dover.

New Jersey.—Allendale Coal & Lumber Co., Allendale; Anderson Lumber Co., Passaic; Belmont Lumber Co., Garfield; Girch Lumber Co., Passaic; Center Lumber Co., Paterson; Consumers Coal & Ice Co., Bayonne; Comfort Coal & Lumber Co., Hackensack; Cooper Lumber Co., Rutherford; Crane, W. E., Hamonton; Davis, A. W., Lumber Co., Salem; Diebold Lumber Co., Pleasant-

ville; Dilliston Lumber Co., Paterson; Felter Coal & Lumber Co., Bogota; Grantwood Lumber Co. (Inc.), Grantwood; Hamilton Lumber Co., Paterson; Heath, Samuel, Co. (Inc.), Trenton; Hill City Coal & Lumber Co., Summit; Hopping, McHenry & Forst, Atlantic Highlands; Johnston-Cueman Lumber Co., Paterson; Kennedy, Robert W., Co., Trenton; Kimball & Prince Lumber Co., Vineland; Knieken Bros. Co., Fairlawn; Kramer Lumber Corporation, Clifton; Lake & Risley Co., Pleasantville; Langan, Thos., Lumber Co., Perth Amboy; List, J. & H. (Inc.), East Paterson; Lolzeau, J. J., Lumber Co., Plainfield; Maier, Geo., & Bro., Bridgeton; Oakland Lumber Co., Jersey City; Osborne & Marsellis Co., Upper Montclair; Park Lumber & Supply Co., Ridgefield Park; Passaic-Bergen Lumber Co., Ridgewood; Passaic-Bergen Lumber Co., Bogota; Pompton Lakes Building Supply Co., Pompton Lakes; Ramsey Lumber Co., Ramsey; Rufner, Ford (Inc.), Ramsey; Saverns Sons & Co. (Inc.), Burlington; Stewart Lumber Co., Garfield; Turner, Walter E., Westfield; Woodbury Mill & Lumber Co., Woodbury.

New York.—Adams Fowler & Hoffman (Inc.), Mamaroneck; Allison & Ver Valen Co., Haverstraw; Amsterdam Lumber Co., Amsterdam; Astoria Lumber Co., New York City; Axtell, Frank C., Binghamton; Ayers-Witmer Lumber Co., Niagara Falls; Bartlett & Co., Binghamton; Bayer & McConihe, Troy; Beach Lumber Co., Rome; Becker, Moore & Co. (Inc.), North Tonawanda; Bell, Walter Allen, Ogdensburg; Bennett, Ray H. Lumber Co. (Inc.), North Tonawanda; Benzing & Co., Jos. H., Brooklyn; Bigelow, A. P. & Co., Long Island City; Blakeless Lumber Co., Albany; Blanchard Lumber & Mill Co. (Inc.), Buffalo; Booneville Lumber Co. (Inc.), Booneville; Bronk Coal & Lumber Co., Hudson City; Brooklyn Consolidated Lumber Co., New York City; Brooklyn Union Lumber Co., New York City; Burke Lumber Co. (Inc.), Oswego; Burr Lumber Co., Gloversville; Burt, H. W., New York City; Burton, Thomas (Inc.), Flushing; Carpenter Co., John R., Jamaica; Chapel, Linn S., Co. (Inc.), Elmira; Chapman Lumber Co., Syracuse; Chichester, A. K. & Son, Albany; Chittenden Lumber Co., New York City; Clifford Co., Martin, Lockport; Coakley, John P., Canton; Cohen, J., & Bros., New York City; Combes Estate, Rockville; Comstock Lumber Co., Rochester; Conklin Pfister Building Service (Inc.), White Plains; Conklin Tubby & Conklin, Roslyn; Copp Stratton Co., Flushing; Cornell-Haviland Co., Pleasantville; Corning Building Co., Corning; Crane & Clark, New York City; Crannell Lumber Co., Albany; Crouch & Boahan Lumber Co., Rochester; Crombie, W. M., & Co., New York City; Cummings Lumber Co., New York City; Cunningham Lumber Co., Rochester; Cunningham, W. F. (Inc.), New York City; Dain's N. Sons Co., Peekskill; Daly Lumber Co. (Inc.), Syracuse; Dealers Lumber Corporation, North Tonawanda; Delatour, Albert J., New York City; Denton-Waterbury, Whitesboro; Doane & Jones Lumber Co., Elmira; Dohn, Fischer & Co. (Inc.), Buffalo; Dolan & Sons, Oriskany Falls; Doran Sealey & Adams, New York City; Donner Lumber Co., New York City; Downs, V. H., Jamesport; Driscoll, Dempsey & Driscoll, New York City; Dykes Lumber Co., New York City; East New York Lumber Co., New York City; Eckenroth, S. & Bros., New York City; Elmhurst Lumber & Trim Co., Maspeth; Elmwood Lumber & Shingle Co., Buffalo; Enders, Phillip & Son, Rochester; Enterprise Lumber Co., North Tonawanda; Exchange Lumber Co., Rochester; Finch, Chas. H., New York City; Fleet Lumber Co., Greenport; Floral Park Mutual Fuel Co., New York City; Freeport Lumber Co., Freeport; Gardenville Lumber & Supply Co., Gardenville; Gates Lumber Co., Church E., New York City; General Lumber & Moulding Co., New York City; Getman Lumber Co., Frankfort; Georgian Bay Lumber Co. (Inc.), North Tonawanda; Glen Cove Mutual Fuel Co., New York City; Glode Requa Coal & Lumber Co., Monsey; Goodwin, M., & Co., New York City; Gould, H. O., Co., Middletown; Gramatan Supply Co., Bronxville; Graves, Manbeat & George, Buffalo; Greece Lumber Co., Rochester; Great Neck Lumber & Trim Co., Great Neck; Greene, M. D., Lumber Co., Auburn; Gregory-Sherman Lumber Co., Nyack; Grieme Lumber & Supply Co., Amsterdam; Haebler Lumber Co., Niagara Falls; Handshaw, Sinclair, Smithtown Branch; Haney, J. H., Booneville; Hall, Wm. M., Chatham; Hapeman-Goodfellow Co., Cato; Harris, McHenry & Baker Co., Elmira; Henrich Wm., Sons Co., Buffalo; Henricks-Caskey Co., Buffalo; Hicks Lumber Co., Roslyn; Hollis Lumber Co. (Inc.), Hollis; Hollister Lumber Co., Rochester; Hoban-Hunter-Feitner Co., Brooklyn; Hubbell, C. T., & Co., Albany; Hunt, H. T., Co., Binghamton; Hurd Bros., Buffalo; Hutton Johnson Co., Nanuet; Ilion Lumber Co., Ilion; Jantzen Overgaugh & Co., New York City; Jones, R. T., Lumber Co., North Tonawanda; Kendrick & Brown, Glen Falls; Kent, P. A., & Sons, Binghamton; Kingway Lumber Co., New York City; Knoell Manufacturing Co. (Inc.), Tonawanda; Laidlaw, The R., Lumber Co., Buffalo; Lamb

Lumber Co., Lake Placid; Lane Lumber Corporation, New York; Lewis & Case Lumber Co., Elmira; Lexington Lumber Co., Buffalo; Little, Andrew, & Sons Little Falls; Lockport Lumber Co., Lockport; Lowe, J. S., Cape Vincent; Mahlstedt Lumber & Coal Co., New Rochelle; Mallus, Henry E. & Bros. (Inc.), Buffalo; Manhasset Lumber & Supply Co., Manhasset; Maybee, J. H., & Son, Canton; Maxson & Starin, Homer; McNeil, Joseph, New York; Meyers Lumber Co., North Tonawanda; Mirschel, Carl, Hempstead; Mohawk Industries (Inc.), Rome; Montauk Lumber Co., New York City; Montgomery Bros. & Co., Buffalo; Morse Lumber Co., Rochester; Nassau Lumber Co., Hempstead; Nassau-Suffolk Lumber & Supply Corporation (6 yards), Mineola; Nassau Mutual Fuel Co., New York City; National Packing Box Co., New York City; Neal-O'Brien Lumber Co. (Inc.), Oswego; Neill, F. S. (Inc.), Flushing; Nellis, Amos & Swift, Utica; Newfane Lumber & Manufacturing Co. (Inc), Newfane; Newton Greek Lumber Co., New York City; North Side Lumber Co., New York City; Northport Lumber Corporation, Northport; O'Donnell Bros., Medina; Otis Lumber Co., Rochester; Oyster Bay Lumber Co., Oyster Bay; Palmer, W. G. (Inc.), North Tonawanda; Palmor Lumber Co., Rochester; Pettit, A. S., & Sons (Inc.), Huntington Station; Post, Wallace R., New York City; Power, Moir & Stocking, New York City; Proctor Manufacturing Co., Ogdenburg; Putnam Valley Lumber Co., Bayside; Raby, Peter, Co. (Inc), Oswego; Rivenbaugh Lumber Co., Hudson; Riverside Builders Supply Co., Corning; Robertson & Son, Binghamton; Rome Box & Lumber Co., Rome; Rochester-American Lumber Co., Rochester; Rutland, Henry D., West Albany; S. & H. Box & Lumber Co., New York; Smith, Frank B., East Hampton; Snell & Sons, Co., Herkimer; Stansbury, James H. (Inc.), Jamaica; Stevens-Eaton Co., Jamaica; Stevens-Eaton Co., New York City; Stewart Lumber Co., New York City; Sullivan, T., & Co., Buffalo; Sullivan, W. A., Lumber Co., Watertown; Taylor, G. W., Lumber Co., New York City; Thomas, Phillip, Sons Co. (Inc.), Utica; Thompson & Son, Stapleton; Tracy, B. H., Fayetteville; Troy Lumber Co., Troy; Tuthill Lumber Co., Mattituck; Tuttle, W. E., Lumber Co., Horseheads; Vrooman, Clarence H., Patchogue; Webster, A. H., Groton; Westchester Lumber Co., Yonkers; West Side Lumber Co., New York City; White, W. H., Co., Nyaok; White & Cleveland, Albany; Whitehall Lumber Co., Whitehall; Wicker Lumber Co., Niagara Falls; Wilder, W. M., Pulaski; Willson & Adams Co., Mount Vernon; Willson & Greene Lumber Co., Syracuse; Wood, W. Wilton, Huntington; Wood & Norstrand (Inc.), Farmingdale; Young & Halsted, Mount Cisco; Young Lumber Co., Elmira; Zapf Lumber Co., East Aurora; Zashinsky Lumber Co., New York City; Zimmerman Lumber Co., Buffalo.

North Carolina.—Coulter, J. E., Rings.

North Dakota.—Interior Lumber Co., Fargo; Sherwood Lumber Co., Fargo.

Ohio.—Acorn Supply Co., Toledo; Adams Thuma Co., Jamestown; Alexander Bros. Lumber Co., Cleveland; Appalachian Hardwood Lumber Co., Cleveland; Bagley Road Lumber Co., Cleveland; Barner-Mead Lumber Co., Cleveland; Beach Chandler Co., Plain City; Berea Lumber Co., Cleveland; Bradwell Ave. Lumber Co., Cleveland; Broadway Lumber Co., Cleveland; Broadway Lumber Co., Bedford; Brodhcad-Garrett Co., Cleveland; Brooklyn Lumber Co., Cleveland; Brown-Graves Co., Akron; Buckeye Box Co., Cleveland; Builders Supply & Fuel Co., Cleveland; Builders Lumber & Supply Co., Cleveland; Cantlon Lumber Co., Cleveland; Cleveland Lumber Co., Cleveland; Cobham Lumber Co., Cleveland; Collinwood Shale Brick & Supply Co., Cleveland; Collinwood Lumber Co., Cleveland; Comfort, Geo. N., Lumber Co., Cleveland; Cortlett Lumber Co., Cleveland; Cuyahoga Lumber Co., Cleveland; Cuyahoga Material Co., Cleveland; Denny Lumber Co., Middletown; Dille Road Lumber Co., Cleveland; Dover Lumber Co., Bay Village; Dutweiler Lumber Co., Toledo; Dwight-Hinckley Lumber Co., Cincinnati; Dwight-Hinckley Lumber Co., Cleveland; East Cleveland Lumber Co., Cleveland; Euclid Avenue Lumber Co., Cleveland; Fassett Lumber Co., Findlay; Fidelity Lumber Co., Cleveland; Foote, C. H., Lumber Co., Cleveland; Frank Lumber Co., Ravenna; General Lumber & Timber Co., Cleveland; General Materials Co., Cleveland; Giesy, H. H., & Bros., Columbus; Glenville Lumber Co., Cleveland; Gordon Lumber Co., Oak Harbor; Gotshall Manufacturing Co., Archbold; Grant Avenue Lumber Co., Cleveland; Gray Lumber Co., Cleveland; Harvard Lumber Co., Cleveland; Havener, G. C., Lumber Co., Cleveland; Hennie Lumber & Supply Co., Berea; Highland Lumber Co., Cleveland; Hixon-Peterson Lumber Co., Toledo; Hoge Lumber Co., New Knoxville; Hudson Lumber Co., Kenmore; Hyde Park Lumber Co., Cincinnati; Independent Lumber Co., Cleveland; Jordan Lumber Co., Cleveland; Kelsey Freeman Lumber Co., Toledo; Kinman Builders Supply Co., Cleveland; Lake Erie Lumber Co., Cleveland; Lakewood Lumber Co.,

Cleveland; Lake Shore Saw Mill Co., Cleveland; Lee Road Lumber Co., Warrensville; Lincoln Lumber Co., Cleveland; Lorain Street Lumber Co., Cleveland; Lyman-Hawkins Lumber Co., Akron; Maple Heights Lumber Co., Bedford; Martin-Barriss Co., Cleveland; Meyers, C. W., Lumber Co., Cleveland; Miles Avenue Lumber Co., Cleveland; Monroe Avenue Lumber Co., Cleveland; Nickel Plate Lumber Co., Cleveland; Nicola, Stone & Meyers Co., Cleveland; Northern Ohio Timber & Lumber Co., Cleveland; North Olmsted Lumber Co., Cleveland; Olmsted Falls Lumber Co., Olmsted Falls; Parsons, T. G., Lumber Co., Kent; Pearl Road Lumber Co., Cleveland; Peoples Lumber Co., Salem; Perfection Frame & Lumber Co., Cleveland; Peters Mill Work & Lumber Co., Cleveland; Portage Lumber & Building, East Akron; Prasse Lumber Co., Cleveland; Randall Heights Lumber Co., Bedford; Ravenna Lumber, Coal & Supply Co., Ravenna; Republic Sash & Door Co., Cleveland; Reserve Lumber Co., Cleveland; Rockport Lumber Co., Cleveland; Rocky River Lumber Co., Cleveland; Saginaw Bay Co., Cleveland; Schmitt Co., Cleveland; Shearer & Cheshir (Inc.), Ashland; Shepard Lumber Co., West View; Smeed Box Co., Cleveland; Snell Lumber Co., Cleveland; Southern, E. L., Co., Cleveland; Steinman Bros. Lumber Co., Jenera; Suburban Lumber Co., Cleveland; Teachout Co., Cleveland; Terminal Lumber Co., Cleveland; Trebing Manufacturing Co., Cleveland; Union Wholesale Lumber Co., Youngstown; Vanis Builders Supply Co., Cleveland; Virginia Lumber Co., Columbus; Wadsworth Lumber Co., Wadsworth; Weeks, F. H., Lumber Co., Akron; Weller, Wilhelm, Lumber Co., Cleveland; West End Lumber Co. (2 yards), Cleveland; West Lake Lumber Co., Cleveland; Whitmer-Jackson Co., Cleveland; Wickliffe Lumber Co., Wickliffe; Willson Ave. Lumber Co., Cleveland.

Oklahoma.—Ash & Son Lumber Co., Kingfisher; Carter Lumber Co., Tulsa; Coimley Lumber Co. (line yards); Crowell Bros. Lumber Co., Alva; Dacoma Lumber Co., Dacoma; Gentry Lumber Co., Pond Creek; Houston, A. C., Lumber Co. (line yards); Miller Lumber Co., Tulsa; Montgomery Lumber Co., Tulsa; Standard Lumber Co., Oklahoma City; Thompson Lumber Co., Medford; Vaughn Lumber Co., Tulsa.

Pennsylvania.—Acorn Lumber Co., Pittsburgh; Allegheny Lumber Co., Pittsburgh; Babcock Lumber Co., Pittsburgh; Bogar Bros., Selings Grove; Brady-Hindle Lumber Co., Philadelphia; Brightbill, J. M., Hummelstown; Brown-Bates Co., Philadelphia; Carnegie Lumber Co., Carnegie; Cresson Lumber Co., Cresson; Dailey & Scott Lumber Co., Pittsburgh; Doering & Beatty, Philadelphia; Deming Wakefield, Erie; Devling Bros., Galeton; DeVore, C. C., Meadville; Diebold, E. M., Lumber Co., Pittsburgh; Diebold Lumber & Manufacturing Co., Pittsburgh; Duquesne Lumber Co., Pittsburgh; Eggers, Chas. F., Co., Unlontown; Erie Lumber Co., Erie; Forest Lumber Co., Pittsburgh; Frits, Wm. H., & Co., Philadelphia; Gerbron, R. W., & Co., Philadelphia; Glenside Lumber Co. (Inc.), Glenside; Helst, G. D., & Co., Philadelphia; Grable Lumber Co., Export; Hagen Lumber Co., Scranton; Higgins Lumber Co. (Inc.), Pittsburgh; Hill, Edwin M., Pittsburgh; Hower & Stonder, Scranton; Johnson Lumber Co., Erie; Jones, Jos. C., & Sons, Conshohocken; Keystone Lumber Co., Pittsburgh; Kneas, W. H., Lumber Co. (Inc.), Morristown; Kuhns, John F., Erie; Lobb, C. A., & Sons, Devon; Lumber & Mill Work Co. of Philadelphia (5 yards) Philadelphia; Lyman Felheim Co., Erie; Mollvain Co. (Inc.), Philadelphia; March's, I. F., Sons, Bridgeport; Means, S. W., Lumber Co. (Inc.), Pittsburgh; Mecklem Lumber Co., Rochester; Morrill Lumber Yards (Inc.), Reading; Milloy Lumber Co., Erie; Moore Lumber & Coal Co., Moores; Mowry, Geo., & Co., Derry; Norton, N. J., New Albany; Palmer, Henry, Co., Langhorne; Peoples Planing Mill, Punxsutawney; Reid, Max H., North East; Rock Lumber Co., Erie; Rutherford, S. S., & Co., Philadelphia; Sambrook, A. K., Troy; Saylor Bros., Altoona; Skeath, Oscar, Mahoney City; Smedley & Mehl Co. (Inc.), Ardmore; Stow & Co. (13 yards), Erie; Walters, John W., Co., Johnstown; West Liberty Lumber Co., Pittsburgh; Weitzel Lumber Co.; Philadelphia; West Penn Lumber Co., Pittsburgh; Yeager, H. M., Yeagertown.

Rhode Island.—Barber, Henry R., Wickford; Bosworth, L. R. Barrington; Burrows & Kenyon (Inc.), Providence; Capron, A. M., Centerdale; Champlain Lumber Co., West Warwick; Champlin Lumber Co., East Greenwich; Charpentier, Joseph, Pawtucket; City Lumber Co., Woonsocket; Cottrell, John T., Co., Pawtucket; Coutu Lumber Co., West Warwick; Darling, C. P., Co., Providence; Eastwood, Albert S., Providence; Farrar Lumber Co., Woonsocket; Friend, John M. (Inc.), Newport; Hammett, A. H. & H. G., Co., Newport; Harris, Frederic R., Providence; Harris, W. M., Jr., Providence; Hiscox, W. C. Co., Westerly; Hovey Lumber Co., Providence; Humphrey Co., (Inc.) Triverton;

Inman Lumber Co., Providence; Island Services Co., Nantucket; Jepherson, Geo. A., Providence; Lansing Lumber Co., Providence; Laudati, Roger, (Inc.) Providence; Lumm, A. F., Lumber Co., Slatersville; Martin, E. M., Lumber Co., Warren; McDuff, Henry C., Estate, Pawtucket; McDuff Cole & Lumber Co., Pawtucket; McKendall Lumber Co., Providence; Newell Coal & Lumber Co., Pawtucket; O'Driscoll Bros., Providence; Palmer, G. L., & Sons, Hope Valley; Paull, Seth, Co., Bristol; Pawtucket Sash & Building Co., Pawtucket; Perkins Bros. Co., Providence; Phillips, Roscoe W., Pawtucket; Presbrey, A. A., & Son Co., Providence; Providence Box & Lumber Co., Providence; Real-Reel Corporation, Phillipsdale; Remington, C. O., Oakland; Smith, E. E., Co. (Inc.), Providence; State Lumber Co., Providence; Sweet, L., & Co., Providence; Vaughn, L., Co., Providence; Wakefield Branch Co., Wakefield; Wakefield Lumber Co., Wakefield; Wallace & Tucker Lumber Co., Providence; Wardwell Lumber Co., Bristol; Warwick Building Material Co., Warwick; Westerly Lumber Co., Westerly; Woonsocket Lumber Co., Woonsocket.

Texas.—Angelina County Lumber Co. (5 yards), Keltys; Barnes, J. F. & W. F., Lumber Co. (18 yards), Waco; Barron Lumber Co., Palmer; Blake, Thos. W., Lumber Co. (8 yards), Houston; Blue Diamond Co., Dallas; Brazelton Lumber Co., Tyler; Brazelton-Pryor Lumber Co. (6 yards), Waco; Buell Lumber Co., Dallas; Buenz, John O., Lumber Co., Laredo; Builders Lumber & Loan Co., Dallas; Builders Supply Co., San Antonio; Burgher Lumber Co., Dallas; Burton Lingo, Fort Worth; Burton Lumber Corp., Dallas; Cameron, Wm., & Co. (81 yards), Waco; Canyon Lumber Co., Canyon; Carter Lumber Co., Houston; Clem Lumber Co. (8 yards), Dallas; Clifton Lumber Co., Clifton; Continental Importing & Exporting Co., El Paso; Cowser & Co., Dallas; Dallas Lumber Co., Dallas; Davis Johnson Lumber Co., Dallas; Elliott Lumber Co. (7 yards), Dallas; Ennis Lumber Co., Ennis; Farmers Lumber Co., La Grange; Farmers & Merchants Lumber Co., Brennan; Farrar Lumber Co., Houston; Foxworth-Gallbraith Co. (85 yards), Amalite; Goter Lumber Co. (2 yards), Cameron; Griffiths & Co., Dallas; Groves-Barnes Lumber Co., Dallas; Gulf Manufacturing & Lumber Co., Beaumont; Higginbotham Bartlett (51 yards), Dallas; Houston, A. C., Lumber Co., line yards; James, T. L., Lumber Co. (2 yards), Willis Point; Jenkins, Cobb & Massey, Dallas; Jones Lumber Co., Houston; Kirby Lumber Co., Houston; La Rao Lumber Co., Terrell; Lingo Lumber Co. (3 yards), Dallas; Lubbock Lumber Co., Lubbock; Lyon-Gray Lumber Co. (28 yards), Dallas; Macatee and Sons, Dallas; Maple Lawn Lumber Co., Dallas; Mayfield Lumber Co., Dallas; McFadden Bros. Lumber Co., Dallas; Moore & Co., Dallas; Nece, J. R., Lumber Co. (8 yards), Corsicana; Northside Lumber & Building Co. (2 yards), Wichita Falls; Oldhan and Sumner, Dallas; Owens, Geo. W., Lumber Co., Dallas; Robinson-Brewington, Dallas; San Antonio Building Material Co., San Antonio; Spencer-Saur Lumber Co. (11 yards), Houston; Spencer, A. B., San Antonio; Spencer & Co. (32 yards), Waco; Strube, H. A., Shingle Co., Dallas; Taylor, Wade, Temple; Trinity Lumber Co., Dallas; Turner Lumber Co., Houston; Weir Lumber Co., Houston; Whiteselle, B. & L., Co., Corsicana; Wilcox Lumber Co., McKenney; Wood, J. V., & Bros. (6 yards), Milford; Wooldridge Lumber Co. (26 yards), Gainesville.

Vermont.—Adams Coal & Lumber Co., White River Junction; Bostwick Bros., St. Albans; Fonda, W. B., Co., St. Albans; Gipson Bros., Brandon; Hicoek, Horatio Co., Burlington; Holden & Martin Lumber Co., Brattleboro; Pronty & Miller, Newport; Reed Coal Co., Fair Haven; Ryan & Schlieder, Manchester Depot; Shepard & Morse Lumber Co., Burlington; The Northern Lumber Co., St. Johnsbury.

Wisconsin.—Badger Lumber & Supply Co., St. Francis; Barker, G. H., Lumber Co., Green Bay; Barron Lumber Co., Barron; Beck, August C., Co., Milwaukee; Beckwith, H. E., Lumber Co., Chetek; Bentley, C. A., Lumber Co., Milwaukee; Bissell Lumber Co., Ladysmith; Black River Falls Lumber & Merchandise Co., Black River Falls; Chippewa Falls Lumber & Coal Co., Chippewa Falls; Coerper Bros. Lumber Co., Milwaukee; Cudahy Lumber & Supply Corporation, Cudahy; Devere & Schloegel Lumber Co., Milwaukee; Durham, W. J., Lumber Co., Noonah; Eastman Lumber Co. (2 yards), Platteville; Eustice, Charles, Cuba City; Evans Lee Co., Eau Claire; Fountain, J. Lumber Co., Appleton; Fuller-Goodman Co., Waupun; Hammond-Olson Lumber Co. (Inc.), Rice Lake; Heebink, Herman, Baldwin; Hettlinger Lumber Co., Appleton; Hilty, M. Lumber Co., Milwaukee; Interior Woodwork Co., Milwaukee; Johnson Lumber Co., Milwaukee; Linderman Box & Vencer Co., Eau Claire; Marinette & Menomonic Box Co., Marinette; Maxwell-Davis Lumber Co., Galesville; Miller-Olcott Lumber Co., Cumberland; Mineral Point Lumber Co., Mineral Point; Mueller & Sons Co., Mineral Point; Nuzum Lumber Co., Viroqua; North LaCrosse

Lumber Co., LaCrosse; North Milwaukee Lumber & Supply Co., North Milwaukee; North Side Lumber & Fuel Co., Milwaukee; Omro Lumber Co., Omro; O'Claire Box & Crating Co., Eau Claire; O. & N. Lumber Co., Menomonie; Pagel, T. F. Lumber Co., Milwaukee; Rayne, Fred W., Madison; Rockwell Manufacturing Co., Milwaukee; Rodger, J. M. Lumber Co., Fox Lake; Sands Lumber Co., Milwaukee; Schaller-Young Lumber Co., Edgerton; Schneider, J. J. Lumber Co., Arcadia; Schneider-Deschamps Lumber Co., Milwaukee; Schroeder Lumber Co., Milwaukee; Steinman Lumber Co., Milwaukee; Taylor Lumber Co., La Crosse; Tibbitts-Cameron Lumber Co., Milwaukee; Vaudreuil Lumber Co., Chippewa Falls; Wilbur Lumber Co., West Allis; Winneconne Lumber Co., Winneconne; Wisconsin Lumber & Supply Co., Milwaukee; Yawkey Lumber Co., Wausau; Yawkey-Dissell Lumber Co., White Lake; Yawkey-Crowley Lumber Co. (3 yards), Madison.

The following organizations have emphatically protested against any tariff on forest products:

NATIONAL ORGANIZATIONS

National Retail Lumber Dealers Association, the National Grange.

REGIONAL ORGANIZATIONS

Northwestern Lumbermen's Association, Northeastern Retail Lumbermen's Association, Central Livestock Cooperative Association, Northwestern Wool Growers' Association, Union Association of Lumber and Sash and Door Salesmen, Western Pine Manufacturers Association.

STATE AND LOCAL ORGANIZATIONS

California.—Tom McCann Hoo Hoo Club, No. 55, McCloud, Calif.

Colorado.—Colorado State Farm Bureau, the Farmers' Educational and Cooperative Union of Colorado.

Illinois.—Illinois Lumber & Material Dealers Association.

Indiana.—Indiana State Grange, Indiana Farm Bureau Federation, Indiana Legislature.

Iowa.—Iowa Farm Bureau Federation, Iowa State Legislature, Iowa Cooperative Livestock Shippers' Association, Eastern Iowa Lumbermen's Association, Retail Lumber Dealers of Iowa, Iowa Farmers Educational and Cooperative Union of America.

Kansas.—Kansas State Grange, Kansas State Board of Agriculture, Kansas Farm Bureau Federation.

Massachusetts.—Massachusetts Wholesale Lumber Association (Inc.), Retail Lumber Dealers Association of Springfield, Old Colony Builders Supply Association.

Maryland.—Lumber Exchange of Baltimore City.

Michigan.—Michigan Retail Lumber Dealers Association at Grand Rapids.

Minnesota.—Minnesota Delegation to Congress, Minnesota State Legislature, Minnesota Farm Bureau, Bayport Improvement Club, Twin City Hoo Hoo Club.

Montana.—Montana New Settler's League.

Nebraska.—Nebraska Farm Bureau, Nebraska State Legislature.

New Jersey.—Board of Realtors of East Orange, New Jersey Lumbermen's Association, Hudson County Lumbermen's Club.

New York.—Buffalo Chamber of Commerce, Buffalo Lumber Exchange, Building Materialmen's Association of Westchester County, Chamber of Commerce of the Tonawandas, Long Island Dealers' Association, Master Sign Makers Association of New York and Vicinity, New York Lumber Trade Association, New York State Grange, New York State Farm Bureau Federation, Retail Lumber Dealers Association of New York.

Ohio.—Ohio Farm Bureau Federation, Ohio Farmers Protective Association, Ohio Association of Retail Lumber Dealers No. 1, Ohio Association of Retail Lumber Dealers No. 11, Cleveland Lumber Institute.

Oregon.—Oregon Farmers Union, Walnut Growers Association, McMinnville Fruit Growers Association, Oregon Cooperative Wool Growers Association.

Pennsylvania.—Pittsburgh Wholesale Lumber Dealers Association, Pittsburgh Association of Lumber Salesmen, Western Pennsylvania Retail Lumber Dealers Association.

Rhode Island.—Lumber Dealers of Rhode Island.

South Dakota.—South Dakota Farm Bureau Federation.

Tennessee.—Tennessee Retail Lumber and Millwork Dealers Association.

Texas.—Dallas Retail Lumbermen's Association, Lumbermen's Association of Texas, Texas Farm Bureau Federation.

Vermont.—Burlington Chamber of Commerce.

Washington.—Washington State Grange.

Wisconsin.—Wisconsin Retail Lumbermen's Association, Wisconsin Farm Bureau Federation, Wisconsin State Legislature, Wisconsin Council of Agriculture, Wisconsin State Grange, Wisconsin State Horticultural Society.

STATEMENT OF HARRY E. GOSCH, REPRESENTING THE CREO-DIPT CO., NORTH TONAWANDA, N. Y.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator WALSH of Massachusetts. You represent just one company?

Mr. GOSCH. I also speak for Mr. Hofheins, president of the Weatherbest Co., also at North Tonawanda, and Mr. Philips, president of the Permastain Co., of Cleveland.

Senator COUZENS. What particular part of the schedule are you interested in?

Mr. GOSCH. Red cedar shingles.

Senator COUZENS. You are opposed to the tariff?

Mr. GOSCH. Absolutely.

Senator COUZENS. Tell us your reasons.

Mr. GOSCH. Our reason is this, that I honestly believe that if the duty of 25 per cent ad valorem is placed on red cedar shingles it will ruin the stained shingle industry, for this reason: It will make the price of stained shingles approximately the same as the cheaper tile, slate, and asbestos shingles. We have pretty tough competition with that class of roofing today, and if the 25 per cent ad valorem duty is added to the cost of shingles to-day, we are just out of business.

Senator COUZENS. Of course, that is not the purpose of the tariff, to help competitors in their own country. The purpose of the tariff is to compensate for the difference between the cost of production abroad and the cost of production at home. That is what you ought to confine yourself to.

Mr. GOSCH. It does not seem to me it should injure or ruin an industry that exists.

Senator COUZENS. It is not the purpose of Congress, or the protective tariff theory, to put on a tariff or to take off a tariff to maintain or dispose of competition among the American manufacturers or producers. That is a matter for them to solve themselves. We are interested only in adjusting the tariff to compensate for the difference between the cost of production abroad and the cost of production at home. If the shingle industry can not maintain its industry in competition with composite roofing, that is no concern of ours.

Mr. GOSCH. I firmly believe that there is no need of a tariff in the industry.

Senator COUZENS. Have you any evidence to support that?

Mr. GOSCH. Yes; I have.

Senator COUZENS. Proceed.

Mr. GOSCH. For the last 15 years we have bought the bulk of our supply in British Columbia, because we needed the quality of shingles that they produce there. We could not get them in Washington. In recent years the Washington manufacturers have improved their quality somewhat, and we have been buying about 10 per cent of our

requirements in Washington. If the duty goes on the British Columbia supply will be eliminated entirely.

Senator COUZENS. Why?

Mr. GOSCH. The duty will make the price prohibitive.

Senator COUZENS. Have you any statistics or information showing the cost of producing those shingles in British Columbia?

Mr. GOSCH. Yes, sir. I have some invoices here of our company, of purchases in Washington and British Columbia. These invoices show that for a like grade and quality, almost as good, we paid less in Washington than in British Columbia. We have always paid more money in British Columbia than we have in Washington.

Senator WALSH of Massachusetts. But you had to buy British Columbia shingles because of the demand for that superior shingle?

Mr. GOSCH. Yes; there is a demand for that shingle.

Senator WALSH of Massachusetts. Is it a superior quality?

Mr. GOSCH. It is a superior quality. There is a very small percentage of manufacturers in Washington who make a quality of shingle that we can use, or that the American public wants.

Senator COUZENS. But if the British Columbia importations were curtailed or stopped, do you not think it is obvious that the Washington producers would then supply the demand? There is always some source of supply for every demand, even under prohibition.

Mr. GOSCH. I doubt it very much, because I have made many trips to the Pacific coast. I have interviewed any number of shingle manufacturers out there and have encouraged them to step up their grades and make a better quality, and we would be glad to buy their shingles. They will not do it. They prefer to make a shingle where there is absolutely no waste to the log, and the result of that is that it is a waste to the consumer, because he puts on a shingle that lasts only 10 or 15 years. There is absolutely no economy in that process.

Senator WALSH of Massachusetts. In other words, if we shut out the Canadian shingle, your claim is that the American public will be forced to buy an inferior shingle?

Mr. GOSCH. Exactly.

Senator WALSH of Massachusetts. If he can not get a superior one.

Mr. GOSCH. Exactly.

Senator WALSH of Massachusetts. The Senator suggests that possibly that would result in the Washington manufacturers of shingles improving their product. Can they improve their product?

Mr. GOSCH. They have shown very little disposition to improve it.

Senator COUZENS. They can do it, because you say you have purchased 10 per cent of your supply of that product, from them.

Mr. GOSCH. But I doubt whether there is sufficient timber available in Washington to supply the demand.

Senator DENEEN. One of the witnesses testified this morning that the reason was that they could get more out of the log for lumber than they could for shingles in Washington; is that true?

Mr. GOSCH. I believe that is true.

Senator DENEEN. If they raised the price of shingles, then it would tend to create a larger production, would it not?

Mr. GOSCH. Yes, it might. Of course, you have a different school in Washington. In British Columbia they have trained along the lines of producing a high-grade product, and that is the reason they

have entered the American market. There is no disposition on the part of Americans to trade in Canada if they can get the product at home, especially when these invoices prove that a similar grade can be bought for less in the United States. Our files are open to anybody that you wish to send to our office to investigate our records, to prove that the bulk of shingles produced in Washington are a little less in price than those in British Columbia, and yet we prefer to buy them in Washington if we can get them.

Senator WALSH of Massachusetts. I suppose a lot of your testimony would be repetition of what was said this morning by the gentleman who took the same position as you.

Mr. GOSCH. I think so. I think he covered the subject pretty thoroughly.

Senator COUZENS. Are there any other questions of the witness?

Senator WALSH, of Massachusetts. Have you a brief?

Mr. GOSCH. No, I have not. I want to submit an article from the West Coast Lumberman, by Mr. McMaster, president of the Red Cedar Single Bureau. He says, "The red cedar shingle industry can look forward to the coming 12 months with optimism."

Senator COUZENS. I think I have seen that.

Mr. GOSCH. I have not anything more to say, unless you wish to question me.

Senator COUZENS. Do you want those invoices in the record?

Mr. GOSCH. Yes. You might put those in the record.

STATEMENT OF A. C. EDWARDS, EVERETT, WASH., REPRESENTING THE UNITED STATES CEDAR INDUSTRY TARIFF COMMITTEE

(The witness was duly sworn by Senator Couzens.)

Mr. EDWARDS. Mr. Chairman and gentlemen of the committee, I represent the United States cedar industry, the shingle branch of that industry. That is an association of practically 160 mills in Washington, Oregon, and Idaho. It includes practically every mill in those three States except those which have British Columbia interests and one mill which is owned by a free trader who is consistent to his principles of free trade and does not believe in a tariff on anything. Those are practically the only ones in our industry that are not asking for and in favor of a tariff on shingles and cedar lumber.

The distressed condition of the cedar industry is so generally known and it has been so thoroughly advertised that it seems to me it is rather unnecessary to go into minute details to undertake to explain to you all of the several points that show the serious distress and the deplorable condition of the industry.

In 1913, as you gentlemen all know, the tariff was removed from shingles. Prior to that time it had been progressing nicely, making a small profit, according to our labors and investments and energies and efforts; but since that time the industry has gradually declined and its production has decreased on an average of 16 per cent per year. During the same period the production has increased in British Columbia, and has increased a total of 399 per cent. The production of shingles, according to the reports which are verified by the report of the Tariff Commission from its investigation of the industry, show 643,000,000 shingles produced in 1913. In 1925 the Tariff Com-

mission made its investigation and the production in British Columbia at that period was 3,200,000,000. There you have the gain of 399 per cent.

Wherever there is a distressed condition of this kind there is always a reason or cause, and that cause we assign as the antagonistic tariff. I have spent, during the last five years, a considerable portion of my time in investigating the condition of the cedar industry and ascertaining to the best of my ability the facts to determine what was the real cause of our distress. I have sought and labored to the best of my ability to determine some possible outlet aside from tariff protection, knowing that that was indeed a hard thing to get. But I have come to the final conclusion that no industry in the United States is sufficiently large and powerful to cope against conditions that are antagonistic through the laws of our own Nation. So far as I have been able to discover in American history, the cedar industry, and this applies to a very large extent to any branch of the lumber industry, it is the only industry that has ever been asked to undertake to compete in our own home market with the tariff of two great nations antagonizing and opposing it. We charge an import tax on logs if they are shipped to the American market for manufacture by American workmen in American mills. But we admit to our market duty free the products of the same logs on which an import duty is charged. In return, if we undertake to go into the markets of our competitor in the Dominion of Canada, and British Columbia is the only foreign producer of shingles and cedar lumber, they charge us an import tax on cedar lumber and a sales tax on shingles; I will admit, as I want to be perfectly fair, that the same sales tax is charged on their own shingles.

By reason of this condition of the law, you readily realize that the American workman is thrown into direct and open competition with the workman of Canada. British Columbia statistics show there are 54 per cent of the employees in British Columbia cedar mills who are orientals. The Tariff Commission's investigation found only 45 per cent. We assume that to be more accurate than the figures of British Columbia, but 45 per cent of the labor of British Columbia is oriental, and notwithstanding the fact that we in the United States have an exclusion act, those orientals are in direct competition with the workmen of our American cedar mills and by reason of the effective operation of the law, because the tariff laws force production preference across the line, they are actually given preferential employment over the American workman in the production of American shingles for sale in the markets of the United States.

Senator THOMAS. We have had some testimony on that point to the effect that the orientals are highly skilled workmen and work alongside and side by side with American workmen, rendering the same sort of service and drawing the same wages. Is that approximately correct?

Mr. EDWARDS. That is approximately correct.

Senator COUZENS. Then what difference does it make what they are if they are in fact drawing the same wages?

Mr. EDWARDS. You are an American and I do not believe you want to throw American labor into direct competition with oriental labor, even if the oriental does receive an equal wage. I would not, and I do not believe you would.

Senator COUZENS. I do not understand why you emphasize the point of oriental workmen.

Mr. EDWARDS. Because he is given a preference and he is getting it while our workmen are idle. Our workmen are walking the streets in idleness seeking work and asking for employment while their orientals are busy. Our men are idle while the orientals are working in the same business. That is my reason. Let the American workman have that production.

Senator COUZENS. Nobody is objecting to that, but I do not see what the oriental has to do with it in British Columbia. It seems to me the attempt is to establish a prejudice against the oriental because he is competing with white men when he is competing on the same basis of wages and skill and so on.

Mr. EDWARDS. I will admit that, but we as Americans think we are entitled to production and employment preference in manufacturing for home markets.

Senator COUZENS. Nobody questions that, but the question I raise is that you are emphasizing the oriental, which is apparently no factor in the controversy at all.

Senator WALSH. Are you a mill operator?

Mr. EDWARDS. I have been until recent years. I am one of the bankrupt manufacturers.

Senator WALSH. You are out of business?

Mr. EDWARDS. Out of business by reason of the fact that I went bankrupt.

Senator WALSH. What was the name of your company?

Mr. EDWARDS. Edwards Shingle Co.

Senator WALSH. Located where?

Mr. EDWARDS. Everett, Wash.

Senator WALSH. When did your company go out of business?

Mr. EDWARDS. The mill has been turned over to my creditors.

Senator WALSH. How long ago was the mill turned over to your creditors?

Mr. EDWARDS. Just about a year ago.

Senator WALSH. You have nothing to do with the manufacture of shingles there now?

Mr. EDWARDS. Yes; I have to do with the leasing of it. My creditors with my consent leased the mill to a cooperative organization. This organization now is operating the mill and cutting their wages 25 per cent, but even cutting their wages 25 per cent they are unable to pay their rental.

Senator WALSH. How many employees have they in the mill?

Mr. EDWARDS. About 25.

Senator WALSH. You were running up to a year ago as an operator of the mill?

Mr. EDWARDS. Yes.

Senator WALSH. And in that mill you employed 25 people?

Mr. EDWARDS. Yes.

Senator WALSH. You have met with financial reverses?

Mr. EDWARDS. Yes.

Senator WALSH. What were you producing in that mill?

Mr. EDWARDS. Shingles.

Senator WALSH. Cedar shingles?

Mr. EDWARDS. Yes, cedar shingles. I may add that of course if I can make a showing of any kind whereby I can operate that mill at a profit, my creditors are sufficiently friendly to give me an opportunity to return and regain possession of my property.

Senator THOMAS. What is the investment in that property?

Mr. EDWARDS. In the mill, do you mean?

Senator THOMAS. Yes, in the mill.

Mr. EDWARDS. The mill cost me over \$100,000 and at the present time you would not be able to sell the mill for \$25,000. The indebtedness against it is \$27,000.

Senator WALSH. Where did you get your logs?

Mr. EDWARDS. We bought them in the open market.

Senator WALSH. You did not own any stumpage?

Mr. EDWARDS. No, and neither did we do any logging.

Senator WALSH. How far were the logs hauled to your mill?

Mr. EDWARDS. The logs were brought in to South Everett. Some of them had to be towed only 3 or 4 miles.

Senator WALSH. Did any logs come to you from Canada?

Mr. EDWARDS. Occasionally.

Senator WALSH. Would not the duty on those logs have made your burden heavier?

Mr. EDWARDS. Not appreciably so. The removal of the log tax would only do us a very small amount of good. That tax is only \$1 on the importation of logs and is not material.

Senator WALSH. Why did you get those logs over in Canada rather than in the United States?

Mr. EDWARDS. Sometimes we can buy them a great deal cheaper. I intend to go into that question a little later.

Senator THOMAS. You are acquainted with the shingle industry and shingle business, are you not?

Mr. EDWARDS. Well, I ought to be.

Senator THOMAS. Do you know any other mills that have suffered the same that your property has suffered?

Mr. EDWARDS. I am very glad you asked the question. I have here a copy of a report given to the Tariff Commission when they were making the investigation. It is dated September 15, 1926. It shows a list of all the mills in the Northwest, whether they were operating one way or another, whether they were buying their logs and operating in that way, or whether they were log-buying mills exclusively. This list shows that up to 1925 there were 41.56 per cent of the mills that met with the same reverses with which I have met.

Senator THOMAS. What is the record from that date until now?

Mr. EDWARDS. From then on down to the present time there have been a considerable number of failures and I have checked on the list the principal mills that I know that have failed since then.

Senator THOMAS. The percentage of increase?

Mr. EDWARDS. The percentage of increase; it now totals at least 50 per cent of the entire industry in business at that time. There are fully 50 per cent of all the remaining cedar mills at the present time that are practically bankrupt.

Senator THOMAS. What has been the history of their bankruptcy? Have they gone bankrupt in a real way and quit business, or have they been consolidated and taken over and merged?

Mr. EDWARDS. There have been three ways of getting rid of them. Some have gone through bankruptcy. Others have burned—

Senator THOMAS. Did they have insurance as a rule?

Mr. EDWARDS. I do not like to say that the burning of the mills was attributable to industrial carelessness. But you know it is easy to burn a shingle mill by a mere act of carelessness just because you are not succeeding in that business. A man is apt to say, "What is it to me? If it goes up in smoke I am that much better off." The consequence of that is that in that way a number of those mills were put out of business. Still others were reorganized and are operating on a cooperative basis, but most of them have simply closed up, sold their machinery for junk, and gone out of business.

Senator WALSH. Most of the mills that failed were the ones that did not own any stumpage?

Mr. EDWARDS. In a majority of cases that is true.

Senator WALSH. There is an advantage in owning your own stumpage and operating a lumber mill, is there not?

Mr. EDWARDS. If you have procured your stumpage at a fair price. The majority of the men who have operated in the interior or inland, when they got through with their interior holdings, have moved to the Sound, moved their mills to another location, but on account of conditions arising that are so distressing, that has almost ceased, and those mills have been dismantled and quit business because they realized the futility of endeavoring to move their plants to Sound waters where they can obtain log supplies from various sources.

Senator THOMAS. Let me ask one other question. If you have the information, state for the record whether or not the shingle industry is producing more shingles now than they were at former periods and in that give the periods, if you can.

Mr. EDWARDS. I have that in the form of a brief and I expect to file it with the committee. Senator Jones has probably introduced that into the record already. I will also leave this list [indicating] with the committee, it being a list of mills.

You have heard considerable question raised regarding the cost of production and I know that that is a question in which you are vitally interested. The testimony of our opponents is certainly worthy of consideration.

Senator THOMAS. To whom do you refer as your opponents?

Mr. EDWARDS. They who oppose a tariff on shingles and lumber and those who have submitted opposition testimony concerning the shingle and cedar lumber tariff. We think their testimony will prove our contention that the costs of production are higher in our own country than in that of our competitors.

You will note from the hearings before the Ways and Means Committee, dated February 23, 1929, that a number of raft scales were submitted as evidence of the difference between the scaling in the United States and in British Columbia. There were 34 raft scales, totaling, according to the British Columbia scales, 10,785,589 feet. They claim we have an advantage in scales in the United States, so we will give the United States scales. After these rafts were scaled according to the British Columbia scales, they were then shipped to Washington and scaled by the American scale or Scribner rule and showed a total of 9,402,130 feet. That is to say, the scale lost in footage was 1,383,469 feet, but the true cost of pro-

duction is not in the amount of scale. It is in what the logs cost, so we will extend our figures to show the cost of those same rafts to the British manufacturer at the British Columbia scale and on the British Columbia price. We find that when we ascertain the cost of the same logs on the American scale at American prices after losing the 1,383,469 feet, the United States prices, which are materially higher than those in British Columbia, show that those rafts cost the American purchasers \$31,500 more than they would have cost the British Columbia purchasers in British Columbia on British Columbia scales and at the British Columbia prices. If we take that amount and note its correspondence to various items we find it equals more than \$900.00 per raft, over 33 cents for each thousand shingles that could be manufactured from the logs, and that such a price reduction would total to a medium sized mill about \$80,000 per year. If the American cedar producers were purchasing their log supplies at such reduced figures they would not be asking for a tariff of any description, and I would not have the nerve to appear before you and ask for a shingle and cedar lumber tariff. That is the way to measure the cost of production. Regardless of the scales they get a certain amount of advantage. If there is a mistake in the scale it is not going to affect the sawing of the log. The saw will produce the same amount of shingles from the log in the efficiently operated mill, regardless of scale.

Senator THOMAS. Can not the American owner of stumpage in Canada produce the logs at the same price that the Canadian owners of the same stumpage can produce them for?

Mr. EDWARDS. Yes; he can produce them at the same price.

Mr. THOMAS. And the only difference in cost is the transportation to the American mill?

Mr. EDWARDS. And the other impediments and restrictions in the way of getting them over here. They charge an export tariff and they restrict and limit the importations and they often prohibit exportations to American manufacturers; so the American who crosses the line with a view of purchasing timber to transport to American mills does not know whether he can get a permit to export those logs or not, and he would not undertake that kind of an operation.

Senator WALSH. How do you explain the fact that the shingle made in Canada sells at a premium over the shingle made in the United States?

Mr. EDWARDS. To a very great extent that is a premium shingle and the higher price is obtained through a matter of advertising. You will notice in your various eastern periodicals and magazines whole page advertisements of the British Columbia shingles. They will tell you that the shingle will last for a period of 40 or 50 years, and that is true. Good edge grain shingles will last that long. The shingles we produce are the same and also ordinary shingles that are good shingles, but we can not produce them as cheaply as they can.

Senator WALSH. You are producing the same kind of shingle that is produced in Canada and sold in the United States market, but you can not get the price they get?

Mr. EDWARDS. That is said to be true. I will tell you something more on that point.

Prior to 1925 shingle price cutting by British Columbia went on very extensively. They claimed that they maintained their price for

a period of 15 or 20 years, but I want to say to you that I know of my own personal knowledge of instance after instance where they shipped whole trainloads of shingles into our markets, and I know where they cut prices time and time again up to the period of about 1925 or I will say 1924 to be more exact. The reason why they discontinued cutting prices then was because they realized the advantages that favored the British Columbia production over the production in the United States and we at that time began an effort to secure tariff protection. They recognized the justice of our cause and in order to make it seem as favorable to us as they could possibly make it, they retarded this cutting of prices and since that period I know of no material amount of price cutting and to some extent they have been maintaining the price on the higher grades of shingles, but they have not maintained the price on the lower grades of shingles. Clears are the largest class of shingles produced. When the price of clears drops, then the prices of the other grades drop too. When that raises the other prices raise.

Then too, as you will find by examining the report of the Tariff Commission, they have paid higher commissions, and you gentlemen know that salesmanship is a matter of real importance, you can sell if you put a high powered salesman out at a higher price. Then they advertise it. You might ask why we do not advertise too. It is pretty hard for a bankrupt industry to raise funds with which to do the needed advertising, and I am frank to admit to you that the industry is somewhat backward in that respect, though we are doing the best we can to the best of our ability.

Senator THOMAS. Do you agree that a tariff on shingles will encourage the increased production in competition with composite roofing?

Mr. EDWARDS. We are not worried in the least about the competition of composite roofing. The reason why we are not worried is because we are meeting it every day and overcoming it. The fact that the production of shingles in Washington and Oregon combined with that of British Columbia has increased 26 per cent since the tariff was removed would show that we are not losing ground so far as the total industry is concerned, but we are losing ground as a United States industry. The gain is crossing the line and it is not, of course, to our advantage. We are the losers, while they are the gainers. Then, too, the composite roofings to a large extent are patent shingles and they are protected items. There is no objection to that. Let that be continued. We are in favor of them being protected.

Senator COUZENS. Of course, if they have protection, they have a fair price to compete with you on.

Mr. EDWARDS. It saves them having to compete with the foreign producer of the same substance. They being American producers, if we can not meet their competition, that is fair, but when they are non-American producers as in our case and we can not meet their competition because of the lower costs of raw materials and low labor costs, we do not regard that as being fair.

Senator THOMAS. Is it your desire to state that the Canadian interests can produce shingles at a less price than American interests can produce them?

Mr. EDWARDS. Yes, sir.

Senator THOMAS. What per cent less, just in general figures?

Mr. EDWARDS. It would be according to grade. We have asked for a 25 per cent ad valorem, and I am frank to admit that, as I said before the Ways and Means Committee and admitted there, 20 per cent would equalize our cost of production, but in view of the fact that we have been a losing and failing industry for a long period of years, we feel that we are entitled to the additional 5 per cent as a matter of protection to assist in rebuilding the American industry.

Senator THOMAS. Twenty per cent equalization and 5 per cent of safety?

Mr. EDWARDS. Yes; to give us a chance to get back on our feet. Twenty per cent does equalize between the two countries, and that is the difference in the cost of production.

Senator THOMAS. Then a 20 per cent tariff, according to your testimony, would not necessarily exclude a single shingle from Canada?

Mr. EDWARDS. No; but we would then be on an absolute equality with them at that rate.

Senator THOMAS. With 5 per cent added it would be to that extent an embargo. How much of an embargo would that be?

Mr. EDWARDS. It would be probably 10 or 12 or 13 or 14 cents per thousand shingles.

Senator THOMAS. Would that stop the importation of foreign shingles?

Mr. EDWARDS. I do not think so. I do not believe a tariff on shingles is going to decrease materially their importation, but it is going to prevent them from forcing our markets down whenever they want to do so. They cut their prices down a little lower and after a while they go still a little lower, and they do not and have not maintained the higher prices on the lower grades of shingles.

Senator THOMAS. With a 25 per cent tariff, in order for them to send their shingles over here they will have to absorb that 5 per cent by decreasing the costs of their production?

Mr. EDWARDS. They will have to absorb it, but we have been trying to absorb it for years. We think that turnabout is a good thing. We have been doing it for the past 16 years or more and we are asking an opportunity to get back on our feet.

Senator WALSH. During the discussion there has been a reference to two grades of shingles, one called the red cedar stained shingle and the other a shingle of the lower or cheaper grade or quality. The testimony has tended to show that the Oregon market is pretty much confined to the cheaper grade of shingle and the Canadian market to the higher grade of shingle and that the demand in America has been increasing for the higher grade all the time and decreasing for the lower grades, and that that is one of the difficulties in Oregon and Washington. Do you concur in that view?

Mr. EDWARDS. I concur in the statement that there is a demand for the higher grade of shingle that is increasing, but I do not agree that the Washington and Oregon mills are unwilling or unable to produce those shingles at any time and in any desired amount, for any price that is commensurate with the production cost.

Senator WALSH. Your contention is that a certain tariff would make it possible for Oregon and Washington to produce a shingle comparable in quality with the Canadian shingle?

Mr. EDWARDS. In every respect. We have timber equal to theirs and we have the men and the machinery and the mills, but a large part of the time our mills are idle.

Senator THOMAS. A 20 per cent tariff on shingles would be of no practical benefit to the shingle industry, would it?

Mr. EDWARDS. It just equalizes the cost of production, which would be a big benefit. It would be a tremendous benefit because it would equalize the cost of production. Surely you will have to admit and agree that that is a tremendous advantage.

Senator THOMAS. In the absence of the 20 per cent tariff they can come in and undersell American producers, and still make money?

Mr. EDWARDS. No, they can not make money any better than we can.

Senator THOMAS. I said that in the absence of a 20 per cent tariff they could do so.

Mr. EDWARDS. Yes, they can undersell and make money, and they are making money at the present time.

Senator THOMAS. With a 20 per cent tariff they can still import their shingles, pay the duty and compete with American industry.

Mr. EDWARDS. On an absolutely equal basis.

Senator THOMAS. A 20 per cent tariff would be that amount for the Treasury and not for the shingle industry?

Mr. EDWARDS. That is correct.

Senator THOMAS. With a 25 per cent tariff, it would be 20 per cent for the United States Treasury and 5 per cent to your industry?

Mr. EDWARDS. Yes, that is correct.

Carrying my comparison of costs on down, you will notice I think that these 34 rafts cost the American manufacturer for the identical rafts \$31,500 more than it would have cost the British Columbia producer. I have the figures and facts here, but they are likewise in the brief which I have filed, so I shall not take the time of the committee to go into them, but I am safe in saying that I believe there are two different scales in use in British Columbia, and the scales mentioned varied from 2 to 23 per cent as between the two countries, but why there is such a wide variation in scales I can not explain. I will say, which I believe to be a fact from my own experience, that there are two kinds of scales of rafts in British Columbia, one for export and one for home consumption. It may be that I am wrong in that assumption.

Senator THOMAS. On what do you base that assumption?

Mr. EDWARDS. On the fact that the scale rule in British Columbia allows 3 per cent less feet per log than the American scale rule. In other words, a log scaling 300 feet by the American rule will scale about 291 feet or within a small fraction of that amount by the British Columbia scale.

Senator THOMAS. That is to the advantage of the American mill owner who buys his product in Canada, is it not?

Mr. EDWARDS. No, we have more footage to the same log and they have less footage to the same log.

Senator THOMAS. If you buy your timber or log in Canada at so much per thousand feet on the American scale you purchase more thousand feet in the same log than by the British scale. That would be to the benefit of the American purchaser.

Mr. EDWARDS. It is the same size log but our scale measures larger than theirs, and if you are exporting logs from Canada you have to take under the British Columbia scale.

To show that the other scales are not different in reality from ours, I have here the British Columbia Trade Directory and Year Book for the years 1927 and 1928. Here [indicating] is their scaling and grading rule. That is copied to a certain extent in my brief, so I will not take the time of the committee now to read it, but I will tell you that their average cut over there on three grades runs a fraction more than 10,000 shingles to 1,000 feet of logs. That is all we get in the United States and is more than we get on the average. The Tariff Commission says that our average cut of shingles is 9,950, just a fraction less than 10 to 1. I would like to leave that book with the committee so they may investigate it and look it over. It is a British Columbia publication. Whether or not it is correct I can not say. I am only accepting it and presenting it to you for what it shows, being produced and printed in British Columbia and purporting to be according to the Forestry Department scales where they check the shingle cuts. The Forestry Department says that the manufacturers over there get a cut of 10 to 1 in their mills. I do not believe the British Columbia manufacturers would be satisfied if they got a less cut.

Senator THOMAS. Your own shingles are all sawed shingles?

Mr. EDWARDS. Oh, yes.

Senator THOMAS. If the system was in vogue that is in vogue in the interior where the shingles are all cut, would you get many more shingles per given log than by the sawed process?

Mr. EDWARDS. By using the veneer process you get more shingles, but that system is not in use. I have never seen an attempted use made of it. I do not know that it would be impracticable, but I assume that it would be because it has not been tried in our section.

There are some other points——

Senator COUZENS. If you are going to file your brief with us, it is not necessary to refer to any points covered by it.

Mr. EDWARDS. A portion is but a majority is not.

Senator COUZENS. Do not state anything orally that is covered by your brief, because we will have it and can read it and there is no use duplicating any of these statements.

Mr. EDWARDS. A great deal of agitation has taken place to show that this tariff we are asking on shingles is going to be passed down to the farmer and a great outcry is being made that he is the one who is going to have to pay the entire bill. It is our claim and contention that he is not going to pay the bill. We are in hopes that a tariff will restrict the importation and thereby increase domestic operations, and if we can secure this increase of domestic operations we do away with a considerable part of our expense and cost which must necessarily be carried into the general total cost of production. We are closed practically one-third of the usual working period each year. During that period we must maintain watchmen, pay taxes and insurance, and other items of expense which are continued regardless of whether we are working or whether we are closed. That is added into the general cost of production.

If we can eliminate that by continuous operations, which we hope the tariff will give us, then we will probably be able to produce

shingles at practically the same cost and sell them at present prices and still obtain a profit on our operations. But in any event, regardless of where that tariff may fall, whether upon the consumer or the retail dealer or whoever may happen to absorb it, remember that if we continue existing conditions we are throwing the American workmen out of employment. They in turn are being subtracted from the consuming public to a very large extent because they do not have the wherewith to purchase. A penny a loaf for bread is entirely too high a price for the man who has neither the penny nor a job, but if we give this man a job and furnish him with pay checks, he will turn right around and buy the farmer's produce, some one in turn will buy our output, and we in turn will again pay it to labor. Thus we keep labor constantly supplied with the wherewith to constitute a continuous part of the consuming public. But if labor is not employed by industry there is no chance for it to be a normal consumer in the consuming market, and there will be then underconsumption instead of overproduction. The farmer only pays this tariff, if he should pay it, once in a lifetime. It would approximate in the neighborhood of \$1 per year in a period of 40 years, and if he does not get that back many times by reason of increased business, increase prosperity, employment of the American laborer, and general enhancement of America business, then I would say, gentlemen, that he has been inefficient and that he has not secured that to which he is fairly entitled.

There has been some testimony in relation to the matter, and in touching upon it I realize that I am perhaps questioning the testimony of a very estimable gentleman, and one whom I personally admire because he is capable and competent in every way as a Washington manufacturer. It also happens that he is a British Columbia manufacturer and some of his statements are such that I can not agree with him.

Senator COUZENS. Have you answered those in your brief?

Mr. EDWARDS. This gentleman is Mr. Bloedel who recently appeared before you, and I want to call your attention to his statement in which he says that he began business in 1898 with a capitalization of \$6,000, that two years later he reorganized, or organized the Larsen Lumber Company at \$30,000, and that again in 1913 there was a reorganization constituting the Bloedel-Donovan Lumber Mills at a capitalization of \$7,000,000 and that the capital and surplus at that period amounted to \$6,526,923.

I just want to call your attention particularly to the fact that there was a tremendous gain from 1898 to 1913 during the period when shingles were protected, and during that period shingle manufacturing was a large proportion of the operations of this gentleman and his company. During the same period there was considerable protection for lumber.

Then if you will carry his statement on down, you will see that the subsequent gain has not been even sufficient or commensurate with the hazard involved in the milling, logging, or lumber business.

Senator COUZENS. He seems to be quite contented with everybody and is doing quite well. Why should you criticize him if he is contented?

Mr. EDWARDS. I just want to say that he has not given conditions that are true to the entire industry and they are not true to the

industry as a whole. He may be very successful, and undoubtedly is, but if he has been able to produce the shingles as he says at \$2.45, then I would say that he is a miracle man, not an ordinary operator but one that is possessed of a far greater superiority than the average producer of the Pacific coast. We can not do it and he says that at that time he was selling logs at \$18. If that be true, the timber cost of this shingle is \$1.80, according to his own figures, he paid 25½ cents for sawing and 15½ cents for packing; that totals \$2.21. And to that he must add the cost of his day labor, and when we ascertain from the Tariff Commission's report, the day labor cost of shingles, we find, is approximately 40 cents per thousand, which makes \$2.61, and he has then not taken into consideration the expense of supplies, maintenance operations, taxes, interest, insurance, and all of the other items that go to make up his expense.

Senator COUZENS. He is not a very smart man then, is he?

Mr. EDWARDS. I would not say that. He seemingly does not figure cost the way we do. Remember, Mr. Bloedel, in his statement did not say, according to my understanding of his statement, that he was selling his logs to his own mill at \$18 a thousand. He did not say at what price. Probably he charges the mill from his own logging camp in the neighborhood of \$12 per thousand, and if so then his cost of \$2.45 is approximately correct. I know a logging operator in southwest Washington who is also a shingle operator, who does just exactly that thing, charges his mill company that \$12 for his logs and he is making some money, but how is he making money, taking it out of one pocket and putting it into another.

I do not know just how it is figured with reference to the gentleman's statement, but I notice that he mentioned 28,000 acres of logged-off land and he says that his sales of similar land, for a period of 15 years, has averaged \$27.50 per acre. It happens that I have been engaged in one way and another for the past 25 years in buying and selling logged-off land. I spent 12 years working in a bank that handled such operations extensively, and subsequently I quit working for the bank and continued operations along that line, not so extensive, and I know a large amount of Mr. Bloedel's land in Whatcom County. I operated in the adjoining counties of Skagit and Snohomish, and I know that a large amount of his lands are not worth anywhere near that amount. Some of them could not be sold for \$5 an acre.

I will say this in conclusion, that we are not asking anything that is prohibitive in any manner, shape, or form. We are only asking that which is fair, right, and just. We are asking for the opportunity to be permitted to produce American shingles and cedar lumber for the markets of the United States, in American mills, on an equal basis, at least, with that which is extended to any other country, and I assure you if this privilege be denied us during the present consideration of the tariff bill that it will be virtually the death warrant to the industry in our country. I thank you and will be glad to answer any questions.

(The following article from the British Columbia Lumberman was submitted for the record:)

THE PROPOSED UNITED STATES TARIFF ON BRITISH COLUMBIA CEDAR

Mr. Goodwin G. Johnson, chairman of the board of directors of the Consolidated Shingle Mills of British Columbia (Ltd.) and manager of the Capilano Timber Co. (Ltd.), North Vancouver, has made the following statement to the

press regarding the proposed prohibitive tariff on British Columbia cedar lumber and shingles now before the United States Congress. Mr. Johnson, whose firm is one of the best known manufacturers of high-grade red-cedar shingle in North America, speaks with exceptional authority on the matter:

"The most unfortunate part of the whole situation from the standpoint of both British Columbia and Washington manufacturers of red-cedar shingles is this: Markets now held by the industry in British Columbia will not go to Washington manufacturers, but to the makers of cheap substitute roofing materials, who will simply enlarge their markets at the expense of the home owners of Canada and the United States.

"Makers of these cheap substitute roofings know that the tariff will increase the cost of the 50-year edge-grain cedar-shingle roof to the home builder and in this way increase the market for a cheaper substitute.

"There is no economic justification for a tariff on British Columbia red-cedar shingles entering the United States. British Columbia shingles actually cost more to produce, and for over 25 years they have commanded a higher price on the United States market than the red-cedar shingles manufactured in Washington.

"British Columbia red-cedar shingles are recognized in the retail lumber and building trade as being of uniformly higher quality than the Washington shingles, and this superior quality justifies a higher price to the trade. Consequently, there is no question arising which would justify a tariff on the ground that British Columbia shingles are 'dumped' in the American market at a lower price than that at which the shingles from Washington mills are sold.

"It is a fact, however, that red-cedar shingles manufactured in Washington are being 'dumped' in the Canadian market, particularly in Ontario. They are being sold at considerably less than British Columbia shingles, and this market is deliberately used by the American manufacturers as a dumping ground.

"However, the British Columbia manufacturers are not so much exercised over Washington shingles being sold in Canada at a lower price as they are over the fact that the Washington shingles are largely flat grain and consequently of an inferior quality, and this tends to place the entire red-cedar shingle industry in disrepute.

"We in British Columbia believe that our real competitor is the substitute-roofing manufacturers, and we are anxious that the high quality of red cedar shingle roofs should be maintained. If the Washington mills would improve their quality, we would have no objection to meeting their competition in Canada.

"The proposed tariff on red cedar lumber and shingles would strike a vital blow at the lumber industry of British Columbia. Cedar is the dominant species on the Pacific coast. It grows in mixed stands, which, on the average, consist of 20 per cent cedar. Cut off the market for cedar and the logging and marketing at a profit of other species in these mixed stands presents an economic problem which would cripple the entire timber industry. Cost of pulp wood for the pulp and paper mills and hemlock and fir for lumber mills would mount in price. Prospective home-builders and all users of lumber would suffer.

"Such a situation would injure the entire commercial life of British Columbia. Estimating five to a family, there are approximately 28,000 persons dependent on the cedar logging, lumber and shingle industry of this Province. The pay roll is estimated at approximately \$7,303,650 a year.

"Estimating that two-thirds of this pay roll is expended on living, the loss to merchants, banks, theaters and other places of entertainment, garages, and gas stations, etc., is \$2,434,550 yearly.

"Export of cedar lumber from British Columbia to the United States during 1928 was 45,059,000 board feet, valued at \$2,500,000. Export of cedar shingles was 2,058,000,000, with a value of \$8,000,000. A prohibitive tariff would cut off this income from British Columbia industry.

"It is estimated that tugboat companies and coastwise steamship lines which tow logs to the mills, carry passengers and supplies to logging camps, would lose from 15 to 20 per cent of their revenue.

"The individual citizen would suffer because royalties paid to the Government on the cutting of cedar would drop. These royalties amount to \$1,000,000 annually. The Government would be forced to raise this amount through other channels of taxation.

"It has been estimated that the cedar stumpage of this Province represents potential stumpage revenue to the British Columbian government of \$432,000,000. The importance of this asset to the taxpayers of British Columbia is better realized when you know that it is ten times the total funded debt of this Province:

"This proposed tariff would put several thousand British Columbia workmen out of work, creating a serious unemployment problem, stop their buying power

at a single stroke, seriously handicapping home-building and real estate subdivision development.

"These would be some of the results from the proposed prohibitive tariff. Not confined to the timber industry alone, but broadly affecting commercial and social life in British Columbia, it is a situation to which every right-thinking British Columbian should give serious thought."

(The brief submitted by Mr. Edwards is printed at page 9192 of Vol. XV of the House hearings.)

STATEMENT OF GEORGE A. BERGSTROM, EVERETT, WASH.

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. BERGSTROM. I am president of the C. & B. Lumber & Shingle Co., Everett, Wash.

There is only one picture I want to bring out and that is since the removal of the tariff in 1913, that 50 per cent of the mills have gone bankrupt, one-half of the remaining 50 per cent are practically in the same position, and British Columbia production has increased 399 per cent. There is a reason for that, irrespective of any facts and figures submitted here for and against this tariff. There is a reason for that because I am not yet ready to admit that the British manufacturer is a smarter manufacturer than I am. We employ in our operation about 125 men. Our shut-down expense will run around \$3,000 a month, and the payroll from \$11,000 to \$12,000 a month. We have not operated in the past several years to exceed 8 to 9 months in the year. If I could operate continually without increasing the cost of my shingles one cent, I would then save from twelve to fourteen thousand dollars in my year's operation and also put my men in a position to have a potential buying power of from \$35,000 to \$40,000 more.

That is the thought I want to leave with you. I wish to be brief as there are other gentlemen following me, but Mr. Bloedel is here, I see, and he can check me on this. Probably I have been misinformed. I understand that he was figuring on selling his mill in British Columbia to an American manufacturer. They did not come to terms. Bloedel, I understand, made the remark that he had made a mistake because if he had bought it he would have paid for it in that year and at the same time he was running that mill two shifts in British Columbia he was not running the full capacity machines in Bellingham. There is a reason for that. Is that correct? I will be glad to answer any questions.

Senator THOMAS. In the event that Congress should not agree to this proposed tariff, and leave the matter of tariff, and shingles and lumber on the free list, what is your thought about the lumber industry in America?

Mr. BERGSTROM. I am just in the manufacture of shingles. That is my business. If we do not get protection, I think it would continue along the same line it has continued. We will just go out of business if we do not get protection. We are through.

Senator COUZENS. Why did the 1922 Congress not put a tariff on shingles?

Mr. BERGSTROM. As I remember it, the House did put 50 cents duty on shingles, and it was killed in the Senate.

Senator COUZENS. The Senate was then, convinced that you needed a tariff?

Mr. BERGSTROM. Yes. I think they were.

Senator COUZENS. But they did not give it to you?

Mr. BERGSTROM. No.

Senator COUZENS. The House was evidently convinced you did not need it, because they surrendered in conference.

Senator JONES. Some of us may explain why we did not get a tariff on shingles in 1922.

Mr. BERGSTROM. It is serious with the shingle industry. If they do not get protection they are gone.

Senator WALSH. Are any of the shingle manufactures prosperous?

Mr. BERGSTROM. No.

Senator WALSH. None of them make money, not even the big concerns?

Mr. BERGSTROM. No. Our concern we consider one of the most efficient on Puget Sound. We are not making money.

Senator WALSH. Is there a difference in the prosperity of those concerns that own their own stumpage and those that do not?

Mr. BERGSTROM. That I can not answer. We buy our logs in the market.

Senator WALSH. I have the impression from letters that come to me, and from talking to somebody else, that the concerns that own their own stumpage have an advantage over you men who do not control the stumpage.

Mr. BERGSTROM. Possibly, if they bought their stumpage some years ago at the cheap price.

Senator THOMAS. On the assumption that shingles are selling for \$4 a thousand, the tariff being 25 per cent, which would be a dollar a thousand, which would make the two together \$5 a thousand, if Congress should impose 25 per cent direct, would you then be enabled to sell your product for a total sum, with the tariff added to the prevailing price, of \$5 a thousand?

Mr. BERGSTROM. No, if we can not get \$4, I am satisfied if we can run continually. In other words, I would like to have the shoe put on the other foot, so that instead of Canada running continually and we getting what they do not want, we should run continually and they get what we do not want. We will get an increased profit in doing so.

Senator THOMAS. The question I want answered is this: Will the shingle industry get an increased price for their product to the full extent of the tariff?

Mr. BERGSTROM. No.

Senator THOMAS. What price?

Mr. BERGSTROM. It will not materially increase the price on shingles, but will allow us to operate continually. Our prices will naturally be governed by the prices of the substitutes.

Senator THOMAS. But you are not making any money at, say, \$4 a thousand. Then I can not understand how you will double your output.

Mr. BERGSTROM. If we run continually we will make more money.

Senator COUZENS. That is perfectly obvious.

Mr. BERGSTROM. Yes.

Senator COUZENS. You say Bloedel makes money. Yet you make the statement that none of the concerns are making money, and Bloedel says he is making money.

Mr. BERGSTROM. He has the hazard.

Senator COUZENS. You made the statement that no shingle manufacturers are making money.

Mr. BERGSTROM. I do not believe any of them in the past five or six years have made money.

Senator COUZENS. However, you want to make clear for us your statement of why you do not believe that they are making money?

Mr. BERGSTROM. Our operation is not.

Senator COUZENS. The question I asked you was this: If any shingle manufacturers make money; and to that you said no.

Mr. BERGSTROM. To my knowledge; no.

Senator WALSH. Do you favor a tariff on logs?

Mr. BERGSTROM. Yes.

Senator WALSH. How much?

Mr. BERGSTROM. The present tariff is a dollar a thousand.

Senator THOMAS. Is your organization paying expenses under the present methods of tariff?

Mr. BERGSTROM. We are just about breaking even.

TROPICAL HARDWOODS

STATEMENT OF THOMAS R. WILLIAMS, REPRESENTING THE MAHOGANY ASSOCIATION (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Will you state whom you represent?

Mr. WILLIAMS. I represent the Mahogany Association (Inc.), I. T. Williams & Sons, and many others, probably 40 or 50 others.

Senator WALSH. Are you all mahogany furniture manufacturers?

Mr. WILLIAMS. We are not furniture manufacturers at all.

Senator WALSH. You are importers?

Mr. WILLIAMS. We are importers of mahogany woods. We may be said to manufacture as far as providing boards, planks, and veneers is concerned. We stop there.

Senator WALSH. You import the logs yourselves?

Mr. WILLIAMS. Yes; we import the logs.

Senator WALSH. And then convert them?

Mr. WILLIAMS. Convert them into boards.

Senator WALSH. And veneer them?

Mr. WILLIAMS. Yes, sir.

Senator COUZENS. You may proceed.

Mr. WILLIAMS. I would like to address you, Mr. Chairman, in reference to paragraph 403 of the old bill, or 405 of the pending bill.

Senator WALSH. Will you tell us first, so we may have it for the record, what the present duty is and what duty is levied in the House bill, and then what you desire?

Mr. WILLIAMS. The present duty is 10 per cent on foreign woods in the log, 15 per cent on foreign sawed lumber from the same wood, and 20 per cent on foreign manufactured veneers of the same wood.

We ask that these logs in the rough, a raw material that can not be produced in this country, be free from duty. We ask no change in the duty on the manufactured goods abroad. We ought to have it, but we feel this is not the time to ask for it.

Senator COUZENS. Did the House bill provide any increase?

Mr. WILLIAMS. The House bill provided no increase on the manufactured articles.

Now this industry centers and is practically divided, like all Gaul, into three parts. First, the mahogany logs which are imported and manufactured for a great variety of purposes, like furniture, pianos, and other things, and the Navy also uses it.

Senator COUZENS. What countries are those logs imported from?

Mr. WILLIAMS. They are imported from all the Central American countries, from Peru, and from the West African coast, probably a coast line of a thousand miles.

I would like to speak with reference to the importation of mahogany logs first, and say that here is a duty imposed on a raw material which can not be produced in this country, and which is a benefit to the United States.

Strange to say, there are no proponents for it; no one asks for it; I am here unopposed.

Senator THOMAS. How did it get into this bill?

Mr. WILLIAMS. I can not understand that, Senator.

When I appeared before the Senate Finance Committee at the time the Fordney bill was under consideration, Senator Penrose was the chairman of the committee at that time. I had a very sympathetic hearing, and the Senate committee reported adversely to imposing a duty on foreign woods in the log. In the conference, however, that duty was imposed. I have never been able to find who asked for it, or the reason for it. The child was stillborn, apparently, and the parentage is unacknowledged. Now, I am here again to ask for the same consideration from you.

Whereas, I find no one asks for the imposition of this duty, I have a bushel basket full of letters from all parts of the United States protesting against it.

Senator COUZENS. What has been the revenue as a result of the imposition of this duty?

Mr. WILLIAMS. The revenue has amounted to about \$500,000 a year, and it has been lost in a corresponding amount in the income tax, in my opinion, Senator. So much for the mahogany.

Now, I would like to make a brief statement in reference to cedar.

We submit herewith some facts relative to the present condition of the Spanish cedar industry.

In the 4-year period from 1910 to 1914 an average of 17,776,000 feet of logs was imported per year. In the 8-year period from 1921 to 1928 the imports of Spanish cedar logs averaged 7,624,000 feet per year, while the last two years of this period; that is, 1927 and 1928, showed total imports of materially under 5,000,000 feet per year. We mention these figures to show the tremendous falling off of imports of Spanish cedar logs during the operation of the 10 per cent duty as at present imposed and as proposed in the impending tariff legislation.

It is evident from the above statistics that import and consumption of Spanish cedar logs in the United States have shown a steady decline. This condition is due to a number of causes, chief among them being increased costs. To these increased costs the duty on logs contributes largely. At the present time the use of Spanish cedar is still diminishing due to the same reason of costly production. The present duty of 10 per cent which it is proposed to continue, is a material hardship to the small remaining trade and an obstacle to its revival and increase.

Spanish cedar logs are not produced in the United States. They are essentially exotic and a raw material. The manufacture in the United States of Spanish cedar logs is a small item as such but the increased cost of American manufactured Spanish cedar products is a large item in holding and reviving this suffering industry.

Spanish cedar logs should be placed on the free list in order to preserve the residue of this once prosperous industry and encourage its revival.

I will ask permission, Mr. Chairman, to have my friend, Mr. Latson, speak on what is known as the stick wood business, with which I am not familiar. Then with your permission I will file a brief, and also with your permission, I will read a summary of it.

Senator COUZENS. If you are going to file the brief in full, is there any reason for reading the summary?

Mr. WILLIAMS. Only if you desire to listen to it.

Senator COUZENS. If you are going to file the entire brief, it will simply be a waste of time to read the summary of it.

Senator WALSH. You can put the summary in the record also.
(Mr. Williams submitted the following brief:)

BRIEF OF THE MAHOGANY ASSOCIATION (INC.), NEW YORK CITY

To the Special Senate Finance Committee:

We invite your attention to those provisions of the proposed tariff bill now pending which affect the importation of tropical woods, sometimes called cabinet woods, as, for example, mahogany, lignum-vitæ, ebony, boxwood, rosewood, etc.

The act of 1922, now in force, covers this subject in paragraph 403 as follows:

"PAR. 403. Cedar, commercially known as Spanish cedar, lignum-vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, and Japanese maple, in the log, 10 per cent ad valorem; in the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed, 15 per cent ad valorem; veneers of wood and wood manufactures, not specially provided for, 20 per cent ad valorem."

The tariff bill now pending and under consideration contains the following provisions with reference to this subject:

"PAR. [403] 405. Cedar, commercially known as Spanish cedar, lignum-vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple and all cabinet woods (except teak); in the log, 10 per cent ad valorem; boards, planks, deals, flooring, and other lumber and timber, 15 per cent ad valorem.

"PAR. 406. Veneers of wood, 20 per cent ad valorem; plywoods, 40 per cent ad valorem; wood manufactured, not specially provided for, 20 per cent ad valorem.

We very respectfully urge that the duty of 10 per cent ad valorem upon these cabinet woods in the log be eliminated. A duty upon sawed boards, planks, deals, etc., and a duty upon veneers seem eminently proper. Our contention is directed solely to the proposed duty on tropical logs of cabinet woods.

In order to fall in line with the expressed view of our President, we wish to make but one request, and that is, the removal of the duty on these logs, our raw material. No one wants this duty. It protects no industry and penalizes the American sawmill manufacturing establishments scattered throughout the United States. These plants have suffered under the present duty and are running at from one-third to one-half of their capacity. The imports of these tropical logs declined last year 33½ per cent over the previous year and were lower than any year as far back as 1922.

Our reasons for this recommendation are as follows:

I. A TAX ON THE LOGS IS A TAX ON RAW MATERIAL NOT PRODUCED IN THIS COUNTRY

Boards, planks, deals, etc., as well as veneers and plywoods, all represent labor performed. The log, however, is distinctly raw material. These woods do not grow in this country. They are tropical or semitropical. The factor of

protection to American producers is thus entirely eliminated. This tax, therefore, violates the fundamental principle of our tariff policy. No one is asking for this tax. There is no one to be protected thereby, and it is manifestly a tax upon raw material not produced in this country.

The granting of our one request, namely, the removal of this duty of 10 per cent on logs, will result in the lowering of costs to the many consumers and users of tropical woods in lumber and veneer forms. The great furniture centers, such as Grand Rapids, Mich.; Rockford, Ill.; Jamestown, N. Y.; High Point, N. C.; as well as other factories scattered throughout the country, with the elimination of this duty on logs, will be able to purchase their raw material in the form of lumber and veneers cheaper than they can at present.

II. THE PROVISION OF THE TARIFF ACT OF 1922 (THE FORDNEY BILL) WAS WITHOUT PRECEDENT. EXPERIENCE HAS DEMONSTRATED ITS FUTILITY

These woods in the log were always on the free list, during the entire history of this country, until the law of 1922 put them in paragraph 403, above quoted. Perhaps this was introduced as a strictly revenue item. While statistics are not available, it may be doubted whether the expense of collecting this 10 per cent duty equals the amount of revenue. If there be a net revenue, it is so small as to be negligible. This tax imposed by the law of 1922 has had a disastrous effect upon our domestic manufacturing industry and has invited foreign competition because mills in the foreign countries are manufacturing merchandise and sawed lumber of mahogany and other tropical woods and exporting the same to the United States in competition with the American producers. The latter are thus handicapped by the higher cost of labor plus the tariff upon the raw material.

The result of this tax has been that South America, Central America, and the West Indies are now shipping their logs direct to European countries, and these logs are in turn offered to the Far East and to other buyers in other countries at less values than the American merchant can quote. Under the operation of this provision of the act of 1922 shipments to our ports have decreased and from some countries, such as Haiti, have actually ceased.

Again, the ad valorem duty is calculated upon tonnage. As matter of fact, the Government officials possess no equipment by which these logs may be weighed or measured, and the amount of the duty ascertained. As a result, when the act of 1922 went into effect it became necessary to invoke the aid of the consignees, namely, the American merchants, to provide gratuitously for the United States Government a method of executing this provision of the law. As matters now stand, a vessel entering one of our ports with a cargo of these logs must of necessity be permitted to deliver the same to the consignee without first ascertaining the specific amount of this ad valorem duty. After various experiments the Customs Department has been compelled to adopt this course, and the same is now in operation. After the cargo has been delivered, the consignee himself must assist the Customs Department with the use of his equipment to ascertain the weight and measurement of the logs imported, and thereupon the amount of duty is assessed. This tax should be classed as "a nuisance tax." The tax is a nuisance to the Government for it produces no net revenue, and is a nuisance to the importer, and is a burden upon the industry without any compensating benefit to anybody. Indeed, this nuisance extends to the steamship companies themselves. The arrangement above referred to by which the importer was compelled thus to assist the customs authorities grew out of the fact that the steamship companies were about to refuse to bring more of these logs to these ports unless some arrangement was made by which they could discharge the cargo without incurring the enormous delay occasioned by the efforts to weigh, measure, or estimate the logs on the dock.

III. THAT PORTION OF THE LOG ACTUALLY USED IN MANUFACTURE IS SUBJECTED TO A TAX OF MANY TIMES THE TARIFF RATE IMPOSED BY THE LAW

Lignum-vitæ is used principally for ship works such as stern bearings, machine blocks, machine-shop purposes, caster rolls, etc.

Ebony is used principally in the manufacture of piano sharps, small quantities are used for making knife handles and musical instruments, but the entire importation will not exceed 300 tons per year.

Rosewood has very limited uses. The principal commercial uses are for hardware purposes, carpenter tools, such as levels, planes, knobs, and knife handles; it is used also in the manufacture of musical instruments.

Boxwood is used principally for the manufacture of carpenters' rules, knife and tool handles.

One essential point must be borne in mind, namely, that the entire log is not utilized in the manufacture of these articles, only a portion of the log is capable of such use. The waste varies from 25 per cent to 50 per cent and even 90 per cent. In some cases fully half of a log goes for firewood, while the balance is used for the purposes above mentioned. In other cases the waste is not so great, but seldom less than 25 per cent. It is, therefore, manifest that a duty of 10 per cent ad valorem upon the tonnage of an entire log is the equivalent of a 20-per-cent tax upon that portion of the log actually utilized in manufacture, if 50 per cent of the same runs to waste. There are some cases where only one-third of the log can be used for these processes of manufacture. In such instances that portion of the log actually used is bearing a tax of 30 per cent.

The most pronounced illustration of this waste occurs in the manufacture of caster rolls. These are made out of lignum-vitæ logs and only about 10 per cent of the log is used in this process of manufacture, fully 90 per cent of the log is wasted. Thus in this line of industry the raw material is paying a tax of 90 per cent ad valorem.

IV. THIS TAX TO A LARGE EXTENT FALLS UPON THE VERY PEOPLE THAT THE PROTECTIVE TARIFF PRINCIPLE IS SUPPOSED TO "PROTECT"

Such portions of the log as are used for making levels, planes, tool handles, stern bearings, pulley blocks, machine blocks, etc., must be perfect. These woods are utilized because they do not shrink and do not warp. There is no substitute. In the last analysis, therefore, the mechanic who uses these tools must pay this "nuisance tax" in the purchase of the tools of his trade. The same is true in buying a brush, for these woods are used in making brush backs. The American mechanic, therefore, is penalized by the loss of the industry itself in this country, on the one hand, and, on the other, by being compelled to purchase these articles manufactured abroad with cheap labor whereby he is confronted with a double element of competition. By putting these logs on the free list a direct protection is given to the mechanic.

France is now sending large quantities of veneers; Japan increasing packages and cases of plain and shaped blocks of these tropical woods; and Brazil thousands of strips. In previous years all these were produced by American industries. Caster rolls are freely imported. If the log were on the free list, those American industries would be revived. The log is the raw material for the manufacture of this merchandise.

About 70 per cent of the lignum-vitæ imported is used for ship work; about 80 per cent of the rosewood is used for hardware manufacture and musical instruments; about 80 per cent of the ebony is used for piano sharps and brushbacks; substantially 100 per cent of the lancewood sticks are used for fishpoles; about 80 per cent of the boxwood is used in carpenters' rules, tool handles, cutlery, and printers dies; more than 80 per cent of the Spanish cedar imported is used in the manufacture of cigar boxes.

Spanish cedar logs are not produced in the United States. They are essentially exotic and a raw material. This portion of the tropical woods industry alone constitutes a large and permanent investment both in plant and equipment. That the industry has been seriously affected by the present duty is demonstrated by the shrinkage in importations. Between 1910 and 1914 the average importations of Spanish cedar logs amounted to 17,776,000 feet per year. During the period covered by the present act of 1922 (the Fordney-McCumber bill), the average importations have steadily declined and now average less than 5,000,000 feet per year.

In the compilation prepared by the United States Tariff Commission for the use of the Committee on Ways and Means in the House of Representatives (Pamphlet No. 27063) the following statement appears:

"In the case of Spanish cedar, practically all the imports of which are used in the manufacture of cigar boxes, no domestic woods have similar properties of fragrance or porous grain. The aroma of the woods is said to be imparted to the cigars and to give them a distinctive flavor when packed in boxes made of Spanish cedar." (See foot of p. 931 and p. 932.)

V. A DUTY ON THE MANUFACTURED WOODS IS EMINENTLY PROPER, BUT INCONSISTENT WITH A DUTY ON THE LOGS

It must be constantly borne in mind that the log is raw material. So long as a duty is imposed upon this raw material, the industry obtains no protection by the duty on veneers and other manufactured articles. In order to protect this American industry the raw material, namely, the log, must come in free and the duty retained or even increased upon veneers, caster rolls, and other articles manufactured abroad out of these tropical woods. In this country we are paying for such labor three to four times the wages paid in the countries where these articles are manufactured, and yet it is the mechanic, principally, who must purchase the articles so produced by foreign cheap labor.

It is certainly an anomalous feature of this bill which imposes a higher duty on the raw material than is imposed upon the finished product manufactured by foreign cheap labor.

There is another anomalous feature in the House bill which has escaped attention and which serves to emphasize the wisdom, and, indeed, the fairness of granting that which we are asking, namely: Under the terms of the House bill, a duty of 15 per cent ad valorem is imposed on maple and birch in sawn boards. Maple and birch, however, grow in this country. The maple and birch logs are on the free list. On the other hand, the tropical woods to which we are directing attention do not grow in this country, and yet a duty of 10 per cent ad valorem is imposed upon the logs; a duty of 15 per cent ad valorem is placed on the sawn lumber from these tropical logs, so that the differential constituting our protection would be only 5 per cent ad valorem. It is hard to understand the theory upon which maple and birch, which grow in this country, are to be admitted free in the log with a 15 per cent duty on boards, while the logs of tropical woods not produced in this country would receive a protection of only 5 per cent.

VI. THESE TROPICAL WOODS IN THE LOG SHOULD GO ON THE FREE LIST; A PROTECTIVE TARIFF SHOULD BE RETAINED, AND INDEED INCREASED, ON THE VENEERS, SAWED LUMBER, AND ALL MANUFACTURED ARTICLES

The following are the specific changes in language which we recommend and urge upon your favorable consideration:

"PAR. [403] 405. Cedar, commercially known as Spanish cedar, lignum-vitæ, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple, and all cabinet woods (except teak); boards, planks, deals, flooring, and other lumber and timber 15 per cent ad valorem."

The proposed change consists in striking out the words "in the log 10 per cent ad valorem."

Paragraph 406 (This should remain unchanged, unless the committee should deem it wise to increase these duties as urged by many of the industries, namely): "Veneers of wood, 20 per cent ad valorem; plywoods, 40 per cent ad valorem; wood manufactured not specially provided for, 20 per cent ad valorem."

Paragraph [1700] 1798: This should remain unchanged, except that in the last sentence (which is new and has been introduced in the House bill) provision should be made for free logs as follows:

"There shall not be classified under this paragraph any form of cedar or of any wood enumerated in paragraphs 402 or 405, except logs."

The proposed change consists in striking out the words "maple and birch," which are already on the free list and thus put the tropical logs on the free list likewise.

MAHOGANY ASSOCIATION (INC.),
New York City.

Respectfully submitted on behalf of—

California.—J. H. Dieckman, jr., San Francisco; Golden State Box Co., Los Angeles; E. A. Howard & Co., San Francisco; E. J. Stanton & Son, Los Angeles; Strable Hardwood Lumber Co., San Francisco; White Bros., Los Angeles.

Connecticut.—C. J. Bates & Son, Chester; Bishop & Watrous Novelty Works, Chester; Landers, Frary & Clark, New Britain; Pratt, Read & Co., Deep River; Stanley Works, New Britain; Union Hardware Co., Torrington.

Florida.—Key West Box Co., Key West; Tampa Box Co., Tampa; Weidman-Fisher Co., Tampa; J. W. Young Co., Tampa.

Indiana.—Faultless Caster Co., Evansville; Russell Fortune (Inc.), Indianapolis; The Hoosier Veneer Co., Indianapolis.

Illinois.—R. S. Bacon Veneer Co., Chicago; The Dean Co., Chicago; C. L. Willey Co., Chicago; Kling Bros. Engineering Works, Chicago.

Kentucky.—Foreign & Domestic Veneer Co., Louisville; The Mengel Co., Louisville; Southern Veneer & Manufacturing Co., Louisville.

Louisiana.—The Mengel Co., New Orleans.

Maine.—Thos. Laughlin & Co., Portland.

Massachusetts.—Downes Lumber Co., Boston; Fuller Thurber Co., Boston; Lamson & Goodnow Manufacturing Co., Shelburne Falls; Palmer & Parker Co., Boston; John Russell Cutlery Co., Turners Falls; Harrington Cutlery Co., Southbridge; Millers Falls Co., Millers Falls.

Michigan.—Lane Lumber & Veneer Co., Grand Rapids; Lufkin Rule Co., Saginaw; Rice, Lumber & Veneer Co., Grand Rapids.

New Hampshire.—Goodell Co., Antrim.

New Jersey.—Central Veneer Co., Hoboken; Ehehalt Sweeney & Son, Belleville; Keuffel & Esser Co., Hoboken; J. C. Kohaut (Inc.), Newark; Lutz Co., Hoboken; Seib Lignum-Vitæ Woodturning Co., Jersey City; George B. West, Mount Holly.

New York.—Astoria Importing & Manufacturing Co., Long Island City; J. J. Bonneau Co., Long Island City; Albert Constantine & Sons (Inc.), New York City; Constantine & Co., New York City; John Chatillon & Sons, New York City; George D. Emery Co., New York City; Foster Bros. & Chatillon, Fulton; Chas. E. Griffin Co. (Inc.), New York City; Grand Rapids Show Case Co., New York City; Herriman-Eifert Manufacturing Co. (Inc.), New York City; Willard Hawes & Co. (Inc.), New York City; Hollingshurst & Co. (Inc.), New York City; J. A. Hunter & Co., New York City; S. E. Howard's Son & Co., Brooklyn, N. Y.; L. G. Jones, New York City; J. J. Julia & Co., New York City; A. S. Lascelles & Co., New York City; George W. Lawrence & Co., New York City; W. and A. Leaman, New York City; William L. Marshall (Ltd.), New York City; Master Rule Manufacturing Co. (Inc.), New York City; Norman T. Moore, Long Island City, N. Y.; F. A. Mulgrew Sons, New York City; Munson Mill Machinery Co. (Inc.), Utica; Middleton & Co., New York City; C. H. Pearson & Son Hardwood Co. (Inc.), New York City; Robinson Knife Co., Springville; Sorenson & Co., New York City; Suzarte & Whitney, New York City; J. H. Thompson, New York City; Ichabod T. Williams & Sons, New York City; Luxenberg & Haskell, New York City; Cattaraugus Cutlery Co., Little Valley.

Ohio.—Acme Veneer & Lumber Co., Cincinnati; Martin Barriss Co., Cleveland; Freiberg Mahogany Co., Cincinnati; Ohio Veneer Co., Cincinnati; James Löffel & Co., Springfield.

Pennsylvania.—A. H. Balliet Corporation, Allentown; Lawrence, Johnson & Co., Philadelphia; H. C. L. Miller, Philadelphia; H. S. Souder, Souderton; S. B. Vrooman Co., Philadelphia; C. F. Martin & Co. (Inc.), Nazareth.

Virginia.—Carl Stossel & Sons. (Inc.), Front Royal.

LATSON & TAMBLYN,
Counsel, 37 Wall Street, New York City.

STATEMENT OF A. R. LATSON, NEW YORK CITY, REPRESENTING HARDWOOD IMPORTERS

(The witness was duly sworn by the chairman of the subcommittee.)

Senator WALSH. Whom do you represent?

Mr. LATSON. I represent 45 or 46 people engaged in this industry.

Senator WALSH. What industry?

Mr. LATSON. The industry of importing and manufacturing hardwoods, such as mahogany, Spanish cedar, ebony, lignum-vitæ, and the others mentioned in this section of the bill.

My sole purpose is to supplement that which has already been said by Mr. Williams. We are asking for free logs as raw material not produced in this country, and in our opinion this provision of the bill is violative of the fundamental principles of the whole tariff system.

The question was asked how this got into the bill. Let me first say to you that up to the time of the enactment of the Fordney Act in 1922, throughout the history of this country, there never was a dollar's tax on these logs, and for the first time in our history that bill

introduced this tariff. I think it is fair to presume it was put in for revenue purposes. I think that is a fair presumption.

Senator COUZENS. Do you think it was put in to protect some production in this country?

Mr. LATSON. There is nothing to protect, Senator.

Senator WALSH. Is Spanish cedar wood sometimes used for cigar boxes?

Mr. LATSON. Almost exclusively.

Senator WALSH. Is there not an attempt being made by some people in America to substitute some American woods for the Spanish cedar?

Mr. LATSON. Not to my knowledge. If you will allow me to turn to the largest importer of Spanish cedar, Mr. Pearson, he will be able to answer that question with knowledge.

Senator WALSH. We have reached the substitution idea in drafting tariff bills.

Mr. LATSON. I think that is not the fact, Senator.

I want to say one or two things that Mr. Williams did not say. Mr. Williams was a little modest.

This is a very old industry, and Mr. Williams probably is the dean of the industry. He represents the third and his son now represents the fourth generation of that house, and that house is over 90 years old. It now has an investment of six or seven million dollars, and its plant occupies from 70 to 75 acres of land in Carteret, N. J., and the effect of this tariff upon those logs is simply driving the entire industry out of this country.

I have already rested upon the evidence that this is raw material. I think I am justified in saying to you that these men look upon it as a nuisance tax, which gives substantial revenue, and I personally was very much exercised about the administration of this law when it was first enacted, because if you will visualize a vessel coming into our ports with a cargo of these woods, you will see what the difficulties are.

I think that a log of mahogany will weigh 5, 6, 7, and sometimes as much as 10 tons, and a log of ebony ordinarily weighs about 1,000 pounds, and so on.

You can readily understand that the United States customs authorities were not equipped with any machinery or paraphernalia by which to measure or weigh this cargo. There was no means of doing it, to determine what the 10 per cent ad valorem was, because some of them are sold by the ton and some by measurement. They guessed at it, more or less, and that led into litigation.

Ultimately I was one of two or three who assisted in framing a rubber stamp, and since that time, and at the present time, the customs authorities find it absolutely impossible to weigh or measure these logs with any equipment that they have, and they found that the vessels were refusing to bring any more here because of the demurrage that was caused, and we had to find some method of overcoming that. So now a stamp goes on the invoice of the cargo, and the duty to be paid by the consignee is determined in due course by the findings of the customs inspector, with the use of the machinery and equipment of the consignee, which is given to the United States Government, and that is the only way in the world they can find out what this ad valorem duty is.

It is a nuisance to the Government and it is a nuisance to the consignee. It is a nuisance to the steamship company, and it produces no revenue of any consequence.

The effect of it is perhaps not altogether apparent unless you understand what happens to these logs. The duty is 10 per cent ad valorem and out of lignum-vitæ perhaps 50 per cent, perhaps 40 per cent, seldom more than 50 per cent is actually utilized. That lignum-vitæ is used very largely for making stern bearings on steamships. It is used where the propeller shaft goes through the stern of the vessel. It is very hard, it has no lubrication, and it is very much preferred to any other material.

Then ebony, of course, as you know, is used in piano sharps, in brush backs, and so forth. In that case, out of a thousand pounds in a log they will actually utilize perhaps from 200 to 250 pounds.

Now, stop and think that the tariff is on that portion of the log which actually is utilized in this country.

If you will take Mr. Williams's business, which is largely mahogany, when it comes to making his veneers or his planks, he will waste out of the log of mahogany in the neighborhood of some 30 to 33½ per cent. Now, 10 per cent ad valorem on that log which is brought in is a very different thing from the tax that is put upon that which is actually used.

Perhaps the most pronounced illustration of that would be in what is known as caster rolls, made from lignum-vitæ, and there these manufacturers will testify to you that just about 85 or 90 per cent of the log is wasted, and that they do not actually utilize more than 10 or 15 per cent in the manufacture of those caster rolls.

Senator COUZENS. That is in effect a duty of from 10 to 100 per cent?

Mr. LATSON. That is just what I am trying to say, and I am coming right to it. You have anticipated me, Senator. That is a thing I want to lay particular emphasis upon. What is the effect? Japan will send over here things like this [indicating]. That is a brush back coming from Japan, and made of ebony. It will pay a duty of 25 per cent, and we will pay from 50 to 90 on the raw material. That is the thing I wanted to emphasize.

Here is the manufacturer of furniture coming in here paying a duty of 20 per cent ad valorem, and the raw material that is coming to our industry we have to pay a duty on of anywhere from 50 to 75 or 80 or 90 per cent. That thing is wrong; it is a mistake, beyond all question.

It so happens that just as I have had a personal experience with reference to the nuisance feature of this proposition I happened to have an experience with reference to this waste. If any of you gentlemen happen to be fortunate enough to have men in this business among your clients, you would have 2 or 3 tons of this stuff in your cellar, as I have had. I have disposed of part of it, and the rest of it lying down there, nonsalable, I used, at least a portion of it, for firewood. It makes splendid firewood, to be used as a substitute for soft coal. It was absolutely of no commercial value whatsoever.

It seems as though a statement of this kind, being so pronounced, you might think it involved some element of exaggeration. But I can assure you that the period since 1922 up to date has been what these manufacturers call an experimental period. Never before did

the Government attempt any such thing. It has been attempted, and I have given you the result. All we ask is that you give us free logs. It is eminently proper, of course, that the duty on these other things should remain. I am not now addressing myself to the matter of the proposed increased duty on veneers. These gentlemen have asked me to come here for the purpose of impressing upon you one thought, and that is to give us free logs, and any other raw material not produced in this country.

There is an irony about this, if you will stop to think about it. These hardwoods are used for making carpenters' tools. The plane is made of mahogany; the level necessarily is made of it because it will not warp. The handles of screw drivers and chisels and what not are all made out of these hardwoods. They are durable, they are hard, and they will not warp. Now here we are, telling that man that the protective tariff is supposed to protect his industry, and here is the mechanic losing his industry, and at the same time we are paying for tool handles manufactured on the European scale of wages. He gets it both ways; there can not be any doubt about it, and it seems to me that is a very, very great injustice.

In the last analysis the mechanic who uses these tools must pay this nuisance tax in the purchase of the tools of his trade. The same is true in buying a brush, for these woods are used in making brush backs. The American mechanic, therefore, is penalized by the loss of the industry itself in this country, on the one hand, and on the other, by being compelled to purchase these articles manufactured abroad with cheap labor, whereby he is confronted with a double element of competition. By putting these logs on the free list a direct protection is given to the mechanic.

The only change that the House made in the existing law was to insert the words, "and other cabinet woods except teak," after the words "cedar commercially known as Spanish cedar, lignum-vitæ, lance wood, ebony, box, granadilla, mahogany, rosewood, satin-wood, Japanese white oak, Japanese maple, and all cabinet woods," and then there is added "except teak."

They introduced those words. What is a cabinet wood? I do not know. Those words will carry us probably through various stages of litigation, to determine the question as to what was meant by these cabinet woods. It seems to me the words are put in there by mistake. There can not be anything logical in saying "and all cabinet woods (except teak)." Teak is used almost exclusively on steamships. It is not affected by the salt water, and it does not get dark like mahogany when it is exposed to the water, and it is used almost exclusively for that purpose. If that is the theory, why do they put a duty on lignum-vitæ, which, to a very large extent, is used in steamship manufacture for the stern bearings?

Speaking with the greatest respect of the House, this paragraph seems to have been carelessly and somewhat thoughtlessly put together. There is only one way, it seems to us, that our industry can be protected, and that is to take out of this the whole tax upon these hardwood, permanent logs.

Inasmuch as the law as it stood was very unjust, now by adding these words "all cabinet woods except teak," they have added a very great uncertainty. Now, it would be very difficult to know what is subject to this tax.

Senator WALSH of Massachusetts. I would like to ask the tariff expert for an explanation as to the inclusion of that phrase.

Mr. SMITH. The inclusion of the cabinet woods were of the woods nonenumerated in paragraph 403 of the tariff act of 1922, which entered free because they were not enumerated.

Mr. LATSON. May I have an example of the wood to which Mr. Smith refers? Will he mention one wood?

Mr. SMITH. Primavera for one. There were a number of woods which entered free. I have a list of them.

Mr. LATSON. In the aggregate I wonder whether all that has been imported since the 1922 statute went into effect, the whole thing, is not so small as to be negligible. I wonder whether that is not a fact.

Senator WALSH of Massachusetts. You will agree, though, that if these woods are coming in free the woods which you use are to come in free?

Mr. LATSON. Yes; but it would seem as though if they are intending to put a tax on woods, such as Mr. Smith refers to, the item would be so small as to be negligible and simply add confusion as to what constitutes a cabinet wood. The burden of our effort is free logs as raw material not produced in this country, leaving a tariff upon the manufactured article.

With reference to the brief, Mr. Chairman, I came here and found that there were two briefs prepared from different angles. With your permission, we would like to have time enough to put those together and give you only one brief and thus avoid repetition.

Senator COUZENS. That is satisfactory.

Mr. LATSON. I thank you.

Senator COUZENS. Have you any view that this tariff is put on for the purpose of encouraging substitutes in this country?

Mr. LATSON. No, sir.

Senator COUZENS. You do not believe that is correct?

Mr. LATSON. I am prepared to say that there are no substitutes. Mr. Williams, is there any substitute for any of these woods? Was this tariff put on for the purpose of encouraging the use of substitute woods which are available in this country? What is your answer to that?

Mr. WILLIAMS. No, Mr. Chairman.

Senator COUZENS. I understood the Senator from Massachusetts to say that he understood that there was an effort to use a substitute, particularly for cigar boxes, and that this tariff is for the purpose of protecting such substitutes.

Mr. LATSON. Mr. Pearson is dealing with that.

STATEMENT OF CHARLES H. PEARSON, REPRESENTING THE C. H. PEARSON HARDWOOD CO., NEW YORK CITY

Mr. PEARSON. Mr. Chairman, the answer to the question that has been asked is that since this tariff has been imposed there is a large importation of Philippine woods utilized in the manufacture of cigar boxes.

Senator COUZENS. And they come in free?

Mr. PEARSON. They come in free.

**LETTER FROM HON. EMANUEL CELLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF NEW YORK**

Senator REED SMOOT,

Chairman Senate Finance Committee, Washington, D. C.

DEAR SENATOR: I beg leave to insert in the hearings on wood and manufactures of, schedule 4, a letter received from C. H. Pearson & Son Hardware Co., (Inc.), of my city, New York, and two letters from Willard Hawes & Co., (Inc.), on the same subject.

Thanking you for this courtesy, I am, very truly yours,

EMANUEL CELLER.

NEW YORK, May 20, 1920.

Congressman EMANUEL CELLER,

New York City.

DEAR SIR: We have appealed to you many times in regard to the tariff on logs of imported woods, which have been taxed by an act of Congress, 1922, section 4, paragraph 405. This act put a duty on Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple and all cabinet woods, except teak, in the log, 10 per cent ad valorem; in the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed, flooring, and other lumber and timber, 15 per cent ad valorem. We have been protesting a great many years against this unjust tariff, as the protection between the duty of 10 per cent on logs and the duty of 15 per cent on manufactured lumber is only 5 per cent protection, whereas the lumber in foreign countries is 50 per cent cheaper than in America, and the freights on steamers covering distances of 3,000 to 4,000 miles is just about equal to railroad freight rates covering distances of 100 to 200 miles.

We understand the present bill before the Seventy-first Congress, paragraphs (403, known as 405) 405 and 406 have not altered the situation, but have increased our troubles. Paragraph 403 is now known as 405, and reads about the same with the addition of "veneers of wood and wood unmanufactured, not specially provided for, 20 per cent ad valorem." Paragraph 406 reads: "Veneers of wood, 20 per cent ad valorem; plywood, 40 per cent ad valorem; wood unmanufactured, not specially provided for, 20 per cent ad valorem."

It is evident that whoever drafted this knew nothing about the situation, for, as you can readily see, it will encourage the manufacture of these logs in foreign countries, for there is absolutely no protection for the veneer manufacturers in this bill as they have a 20 per cent duty on logs and a 20 per cent duty on veneers and lumber manufactured from these logs, and it can readily be seen that there will be a large influx of manufactured wood into the United States, for, as we explained in a preceding paragraph, the cheap labor and the shipping rate of freight will be an incentive for foreign manufacturers to land their material in the ports of the United States at a figure away below the cost of manufacture in the States.

We see absolutely no reason why a duty should be imposed upon the woods mentioned in paragraphs 405 and 406, for these woods do not grow in this country and they are not competitive, while at the same time they are allowing maple and birch logs to come in free of duty, with the exception of Japanese maple. These woods, as you know, grow in this country and a high duty should be put on these woods so as to protect the American timber grower and manufacturer.

If the bill goes through in its present form it will about put us out of business, and we see no reason why the Government would wish to do a thing of this kind, as we are an American firm with American capital, and have over a period of 26 years built up this business, which would have likely been carried on by foreign interests if we had not come into the field.

May we suggest, for your consideration, that paragraph 405 (H. R. 2667) be changed to read as follows:

"Cedar commercially known as Spanish cedar, lignum-vitae, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple, and all cabinet woods (except teak) in the form of sawed boards, planks, and deals, 15 per centum ad valorem and \$35 per thousand board feet."

And paragraph 406 (H. R. 2667) to read:

"Veneers of wood, 50 per centum ad valorem and \$6 per thousand surface feet; plywood, 40 per centum ad valorem; strips of wood, square or shaped

blocks of wood of any and all kinds and description, unless otherwise provided for, 50 per centum ad valorem."

We trust that you will use your efforts to protect Brooklyn industry, especially American industries.

Yours truly,

C. H. PEARSON & SON HARDWOOD CO. (INC.),
H. B. PEARSON, *Secretary*.

NEW YORK, April 12, 1929.

Hon. EMANUEL CELLER,
Washington, D. C.

DEAR MR. CELLER: Regarding mahogany, cedar, rosewood, ebony, and other cabinet woods in the rough log, these woods come from Cuba, Mexico, Brazil, Africa, and the East Indies; none of them grow in this country, and a duty is not required for protection.

For the first time in our history a duty of 10 per cent was imposed in the Fordney tariff. Last month a committee from the Mahogany Association appeared before the House Tariff Committee and asked that these tropical cabinet woods in the log be restored to the free list. The present duty on sawn mahogany lumber is 15 per cent and on veneers 20 per cent, a differential of only 5 per cent and 10 per cent over the rough log. We are asking for an increase in the duty on lumber to 30 per cent and on veneers to 2 or 3 cents per square foot, plus 40 to 50 per cent ad valorem. This for the protection of the American lumber and veneer mills in New York, New Orleans, Cincinnati, Chicago, and other parts of this country that have been built for the specific purpose of converting these imported cabinet woods into veneers and lumber for the furniture trade. Within the past year the French and German veneer mills have been establishing agents here, who sell their products to the furniture trade direct. The wages here for this skilled labor are easily two or three times as much as the foreign mills pay. You can readily appreciate the great difference in freight on the rough mahogany log, and the product of that log in veneers. I am using the word "mahogany" to cover all cabinet woods.

I hope you will have an opportunity of talking to some of the members of the subcommittee, both of the House and Senate, and point out to them our present troubles.

Yours very sincerely,

REUBEN ARKUS.

NEW YORK, May 14, 1929.

Hon. EMANUEL CELLER,
House of Representatives, Washington, D. C.

DEAR MR. CELLER: Referring to the duties on cabinet woods, the Hawley bill, paragraph 405 imposes a duty of 10 per cent on all cabinet woods in the rough log. As we wrote you on the 12th ultimo, the Fordney bill, for the first time in the history of the country taxed rough logs. Please look at pamphlet "Hearings before the Committee on Ways and Means," Schedule 4, page 2725, statement by Representative Treadway:

"I would like to make a very brief statement before the next witness proceeds, in relation to paragraph 103, which we have been considering, in connection with the duty on mahogany and other articles. I tried to find out from the witnesses whether or not the matter had been considered before the House committee when the Fordney bill was under consideration. There is no evidence that there were any witnesses testifying in relation to that item when the House bill was under preparation. There were witnesses appearing against it in the Senate hearings, and none for it. One or two of the Senators, however, did refer to the fact that it would be purely a revenue proposition, and it probably was kept in the bill in that way. It is one of those things that, it seems to me, was a serious blunder, and I hope we can correct it when we prepare this new bill."

When the Fordney bill was considered, the mahogany importers appeared before the Senate committee and convinced them there should be no duty imposed on logs; but when the bill was eventually sent to the House and Senate conference, the House duty of 10 per cent prevailed and it was passed that way.

The only possible excuse for putting a duty on logs is that the Government requires the revenue, and assuming that is so, then certainly the sawmills and

vener mills should be protected. The duty on logs is 10 per cent, the duty on lumber is 15 per cent, and on veneers 20 per cent, which is the same as the Fordney bill.

One does not have to be an expert to quickly appreciate that a differential of 10 per cent between the rough log and the veneers will not cover the difference in labor and the difference in freight. The veneers from a log of mahogany will not occupy one-quarter the space nor pay one-quarter the freight that the rough log pays; and the workmen who cut veneers in France and Germany do not receive one-third the wages that the American mills pay. These foreign veneer mills have established agencies here and are selling and shipping veneers to the furniture manufacturers throughout the country in increasing quantities. Instead of a duty of only 15 per cent on lumber it should be raised to 30 per cent, and on veneers to 2 to 3 cents a square foot plus 40 to 50 per cent ad valorem.

This protection is absolutely required by the American veneer mills, who pay high wages to the skilled mechanics employed in this industry. We hope it is not too late to bring this to the attention of the proper committee.

Yours very truly,

WILLARD HAWES & Co. (INC.),
By R. ARKUS, *President*.

MATCH SPLINTS AND SKILLETS

[Pars. 405 and 413]

STATEMENT OF JOHN F. RICHTER, WASHINGTON, D. C., REPRESENTING THE BERGSTROM TRADING CO., NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. RICHTER. Mr. Chairman and gentlemen of the committee, I am instructed to appear before your committee by Mr. Bergstrom, who was here yesterday, but who is unable to be here today. I have here a statement that he prepared, in rough form, that I wish to present to the committee.

Senator COUZENS. Do you desire to read it?

Mr. RICHTER. I would rather read it, to explain certain points that might call for questions, and which may be covered in the brief that I shall ask permission to file.

Senator WALSH of Massachusetts. What paragraph and item are you interested in?

Mr. RICHTER. This deals with paragraphs 405 and 413 of the House bill, and paragraphs 403 and 410 of the 1922 act.

Mr. Bergstrom is president of the Bergstrom Trading Co., of New York City, an American importer. He proposes the removal of match splints and skillets from the dutiable provisions of the law to the free list, where they properly belong.

Splints are the ordinary match stems, without the head. Skillets are the veneer sides of the boxes; that is, not put into shape, not made into matches or made into boxes. These two items are the semi-finished raw materials used in the production of safety matches.

The manufacture of safety matches in the United States, according to census figures, is negligible in volume and value. Nearly all, or about 95 per cent of the safety matches used here, come from various foreign countries, particularly Finland, Sweden, Latvia, and so on down the list. The reason they come from these foreign sources is because of the supplies of the foreign aspen wood. This aspen wood is quite different from the domestic aspen, for several reasons. First, the domestic aspen is of an entirely different botanical family than the foreign aspen. The foreign aspen grows to a greater height, greater girth, and has a different fiber, different characteristics, and so forth.

The three principal points of difference are, the appearance, strength, and quality. These differences are very important in the manufacture of matches.

For instance, the foreign wood absorbs the chemicals better, has better tensile strength, and so forth, which is one of the reasons why we have a real foreign production of safety matches, and why we have so few produced in this country.

The domestic match production is almost entirely confined to the manufacture of strike-anywhere matches and book matches. These are the two domestic types of matches [indicating]. You can see the difference between the domestic matches, which are made of the large splints, and the foreign matches, made of the small splints.

Senator WALSH of Massachusetts. Is this wood imported in logs?

Mr. RICHTER. No.

Senator WALSH of Massachusetts. Or finished?

Mr. RICHTER. Not so far as I know.

Senator WALSH of Massachusetts. It is imported finished?

Mr. RICHTER. They are imported in the finished product, brought in in these small boxes and wrapped in packages of a dozen, and then in the gross cases; that is, 144 boxes to the case.

Senator WALSH of Massachusetts. And then they are assembled in this country?

Mr. RICHTER. No. There is a very small production of domestic safety matches, which is a match considerably larger than this, made with a pine splint, a bigger splint, and usually a red head. But apparently it is not a profitable production. This is the reason why you see very few of the domestic safety matches. The domestic factories confine themselves to the strike-anywhere-matches and the book matches.

Senator COUZENS. Is that not because it is a fact that you can get those others in from Finland cheaper?

Mr. RICHTER. No. That may be a reason. There are several reasons; or, there may be theories. One is that the safety match is bought by most of us because of its convenience. In other words, we would rather carry around a box of safety matches than a pocket full of loose matches. One of the points I wish to make in favor of the proposal for free raw materials—that is, the sides of the boxes and the splints which may be manufactured—is to compete with this safety match that is brought in in finished form.

Just a brief picture of the domestic match industry. This production is at the rate of about \$25,000,000 annually. As against this domestic annual production of strike-anywhere-matches and book matches there is a production of foreign matches of about \$2,000,000 a year.

So that while the importation of foreign matches, as compared with domestic matches, is not so great, nevertheless, Mr. Bergstrom and his associates believe that the market is sufficiently attractive to propose a real safety match production, and real competition with the imported article. He says:

From long experience in the business of importing various chemicals and other products, I am convinced after a very careful survey of the possibilities that safety matches may be profitably produced here to compete with the foreign product. This is the firm conviction of a group of us familiar with all aspects of match manufacture, distribution and sale, and we are prepared to develop this phase of the domestic match industry provided we are able to obtain our

splints and skillets, duty free, as semifinished raw materials for further manufacture here.

If they could get that assistance from this committee, they would construct their plants and buy their machinery here for dipping, pasting, assembling, and so forth, and still have a sufficient margin of profit left to induce them to go into this field.

He says further:

A survey of the situation governing the manufacture of safety matches in this country discloses two interesting and important points. These are, first, that the foreign safety match does not compete with the domestic book or strike-anywhere-matches. The safety match is a distinctive type, which has its own definite field where it is sold primarily on the basis of personal preference because of its appearance, safety in use, or convenience. Second, that a domestic safety match identical in appearance and quality with the foreign safety match can not be produced in this country. The real reason for this situation is the lack of a proper kind of wood which may be used for the match sticks and veneers for the manufacture of boxes from the standpoint of appearance, quality, and economy.

The foreign safety match, with which we propose to compete, is made of foreign aspen, which is of a different species than the domestic aspen.

He mentions a few more points there, such as the point that it produces a clear and nonsmoking flame, and has other qualities absolutely necessary for real domestic safety match competition.

He says further:

The availability of heavy stands of foreign aspen in particularly the northern part of Europe has brought about an independent foreign production of aspen splints and skillets which may be brought to this country in bulk and manufactured into safety matches to compete with the foreign product. Thus, we propose to base an American production of safety matches on a supply of foreign splints and skillets provided we may bring these semiraw materials in free of duty to afford us a fair basis of competition with the foreign manufacturers.

Senator WALSH of Massachusetts. I do not understand what you are asking for here. You are asking for a tariff rate on something. What is it?

Mr. RICHTER. No, sir. We are asking that two items, namely, the plain ordinary sticks—

Senator WALSH of Massachusetts. Are they referred to by name in this bill, or will the bill have to be amended?

Mr. RICHTER. These will have to be referred to, and removed from the two dutiable provisions of the law and placed on the free list.

Senator WALSH of Massachusetts. Have you an amendment covering that?

Mr. RICHTER. We ask for permission to propose that amendment in a brief, which we hope the committee will let us file.

Senator WALSH of Massachusetts. In other words, you are asking to have certain articles that are now dutiable removed to the free list.

Mr. RICHTER. Yes, sir; that is right.

Senator WALSH of Massachusetts. And the purpose of your request is in order that you can manufacture safety matches in this country.

Mr. RICHTER. That is right.

Senator WALSH of Massachusetts. And compete, I suppose, with the Diamond Match Co.

Mr. RICHTER. No. The theory of this group—and I am sorry Mr. Bergstrom is not here, because he is a practical match man, and I am, after all, just his spokesman. I have no technical knowledge of match manufacturing.

Senator WALSH of Massachusetts. I think your brief will help us very much, and if you add that amendment, it would help us also.

Mr. RICHTER. I ask the permission of the committee to file that. Senator WALSH of Massachusetts. Why do not you prepare the amendment and submit it and your brief also? Will that not be sufficient to take care of your case?

Mr. RICHTER. I think so. I just wanted to mention a few points so as to get the ideas of those on the committee with regard to the technical points they wanted covered.

Senator WALSH of Massachusetts. I suggest that you prepare the amendment and put it with your brief, so that we will have them both together.

PLYWOOD

[Par. 406]

STATEMENT OF E. V. KNIGHT, NEW ALBANY, IND., REPRESENTING THE PLYWOOD MANUFACTURERS ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. State whom you represent.

Mr. KNIGHT. I represent the Plywood Manufacturers Association.

Senator WALSH of Massachusetts. How large an association is that?

Mr. KNIGHT. It comprises about 86 plants—86 various plants.

Senator WALSH of Massachusetts. Scattered all over the country?

Mr. KNIGHT. Throughout the United States.

Senator WALSH of Massachusetts. Where is your own residence?

Mr. KNIGHT. New Albany, Ind. I am president of the New Albany Veneering Co.

Senator WALSH of Massachusetts. You are speaking for the industry as a whole?

Mr. KNIGHT. Yes.

Senator COUZENS. What percentage of the industry do you represent?

Mr. KNIGHT. I presume it approximates 80 per cent of the industry that we have represented here. The brief which we filed before the Ways and Means Committee shows I was the chairman of the committee which was appointed and represented before the Ways and Means Committee. I there filed a brief setting forth briefly the various claims which we made for the protection of this part of the industry. We dealt particularly with the plywood, so called, birch plywood, which is only one element of the manufactured product of the entire industry, but it is that part of the industry in which this imported material comes into direct competition.

Senator WALSH of Massachusetts. Will you state for the purposes of the record the present duty, and how it is built?

Mr. KNIGHT. Thirty-three and one-third per cent has been the old duty. The House bill granted an increase, upon our petition, increasing the duty to 40 per cent.

Senator WALSH of Massachusetts. Are you satisfied with that?

Mr. KNIGHT. It is wholly inadequate, as I think we can show.

Senator COUZENS. How much do you desire?

Mr. KNIGHT. At that time we presented certain facts and figures which the Tariff Commission, through their various agencies controverted, stating that we were not properly informed, that the facts we gave were not substantiated, that at least they did not have information to that effect. But we were advised we would have an opportunity to present new facts. In order to do that we were fortunate in being able to obtain the services of a statistician and accountant who has had 25 years of experience, and who, I understand, is the same statistician who originated and later inaugurated the present system used by the Government in obtaining its import and export figures. And with your permission I would like later to have Mr. Davies placed upon the stand, as he has all of these facts from first-hand efforts of his own and can present them much better than I can, because they have just been obtained in the last few days; in fact, he just came from New York this morning.

But briefly I would like to state this as a fact to my own personal knowledge. I think the Tariff Commission's report stated that we were not within our rights in asking for additional protection for the reason that the imported product was so negligible as compared with the plywood which we exported from this country. And they gave their figures on fir plywood.

Fir plywood is not the plywood we are asking protection on, and none of the manufacturers in this country are interested in it, because we do not manufacture any.

To my personal knowledge none is manufactured abroad, and the only plywood duty we are asking for is on the birch importation which is in direct competition with the birch manufactured in this country, and which, as I think we will show you, is equal to practically 100 per cent of the domestic production in the United States. And it is upon that basis that we are asking for this increase in protection which will adequately protect the industry in this country.

With your permission, I would like to have placed upon the record here before you the testimony of Mr. Elmor Davies, if that meets with your approval.

Senator COUZENS. Have you any statistics as to the cost of production abroad and here?

Mr. KNIGHT. We have them in the brief. I did not presume to take up your time with that, because you already have them.

Senator COUZENS. Have you gone into the question of valuations at all?

Mr. KNIGHT. Absolutely; yes, sir.

Senator COUZENS. As to the several systems, the United States system, and so forth?

Mr. KNIGHT. Yes; we have all of them.

Senator COUZENS. And all you ask is to supply the brief?

Mr. KNIGHT. We have presented it. We ask to substantiate the figures and facts in that brief and give you some new facts.

Senator COUZENS. I understand all you want is to file that brief Mr. Davies has prepared?

Mr. KNIGHT. No; that has already been filed with the Ways and Means Committee, but the Tariff Commission has questioned the facts presented. We now desire to present Mr. Davies, who will substantiate, I think, beyond any peradventure, the true facts as we have previously given them to the Ways and Means Committee.

Senator COUZENS. However, the point I am trying to make is that if he files that brief that is all that is necessary; that is, you do not have to take any time to go over the brief, if he files the brief.

Mr. KNIGHT. It will not take more than ten minutes for him to give his own testimony, which we think will absolutely prove the facts already stated. They are in doubt at the present time.

Senator COUZENS. He is going to submit the sustaining facts in brief form?

Mr. KNIGHT. No; he wishes to state them orally.

Senator COUZENS. He is not going to present a brief?

Mr. KNIGHT. No; he has had no time to prepare it. He just came from New York this morning. If given permission, I would like to have him give his testimony.

Senator WALSH of Massachusetts. For what are you asking, what rates?

Mr. KNIGHT. It is right here in the brief. The rate in this brief is 7½ cents per pound plus 25 per cent ad valorem on the United States value.

Senator WALSH of Massachusetts. Do you know what that represents as compared with the present rate ad valorem?

Mr. KNIGHT. No, I do not, because I did not prepare it.

STATEMENT OF ELMOR DAVIES, CHICAGO, ILL., REPRESENTING THE PLYWOOD MANUFACTURERS ASSOCIATION

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. State whom you represent.

Mr. DAVIES. I am representing the Plywood Manufacturers Association.

In the first place, and supplementing without repeating what Mr. Knight has said, there seemed to be a question that arose. The official statistics for last year as furnished us by the Department of Commerce showed a total of about 3,200,000 feet of plywood in which we are interested, which is birch plywood.

The imports for this year as furnished by the Department of Commerce for the first quarter are 1,907,000 feet. That is for the first quarter of 1928. Assuming that that rate should continue—and we have some evidence on that—that would equal for the year the total production of this industry, birch plywood, for the years 1927 and 1928, which would mean 100 per cent competition, assuming that this country could still produce and sell as against the invasion of nearly three times last year's imports.

We also have reason to believe that the imports of plywood as such have not been correctly stated in the Commerce Statistics, due primarily to the fact that prior to July 1, 1927, the plywood was not separately designated in the statistics but was included in with baskets and other manufactures of wood.

We have reason to believe—although we have not had time to prove the facts, although we believe we can—that the importations have been brought in through certain ports in this country as plywood, and as such do not appear in these statistics at all. How much we can not state. But to prove the point that the statistics are apparently not correct—and, incidentally, Russia, is the greatest menace at the present time to this country in the furnishing of ply-

wood—the statistics for January of this year show a total of 122,225 square feet of plywood imported into this country from all countries, and not a foot of that from Russia.

I have had personal access last Saturday morning to an invoice in the hands of an American concern, which invoice was dated January 25, 1929, billed directly by the Antorg Trading Co., the direct representative of the Soviet Government in this country, in which they bill them with 206,866 square feet of birch plywood, and they accompanied that with a letter which informed them specifically, being of date January 25, 1929, that there had arrived at the foot of Seventeenth Street, Hoboken, on January 21, this consignment.

Senator COUZENS. What was that billed at?

Mr. DAVIES. To the customer, including all of the freight, and so forth, \$10,462.14. That is the billing price to the American importer, who was a jobber.

Senator COUZENS. In what way does that compare with the production costs here?

Mr. DAVIES. That would compare with the production cost here—if you will pardon me, Senator, this does not appear in the report. I can not give you the declared value, although on all of my others I can. I could give you that later on, if you will pardon me. All I am trying to prove is that the Government statistics show no importations from Russia. This disproves that.

On January 30 one American concern purchased 72,000 feet of airplane birch at a cost billed to them of 0.047 per foot, including duty and delivery.

Senator COUZENS. On what basis was the duty computed?

Mr. DAVIES. The duty was computed upon the basis of \$3,047 for 72,000 feet.

Senator COUZENS. Was that supposed to be the cost in Russia?

Mr. DAVIES. Supposedly, because it was supposed to be foreign valuation. I can not say because I have not had access to the others. I have an instance here where the value was declared to be \$753 in March for 72,000 feet of airplane birch from Russia, on which an additional bill was rendered the exporter in April for four times the value and additional duty collected.

I haven't had time to get the facts and to learn whether that was discovered by the customs authorities or by whom. But the fact remains, and I can give the entry number on it.

Senator WALSH of Massachusetts. Who purchases and uses this plywood?

Mr. DAVIES. It is purchased by certain traders.

Senator WALSH of Massachusetts. By furniture manufacturers?

Mr. DAVIES. The plywood is used by furniture manufacturers.

Senator WALSH. And you sell to them also?

Mr. DAVIES. Yes; the industry sells to them. It is used to table tops, and all of those things.

Senator WALSH of Massachusetts. And airplane manufacturing?

Mr. DAVIES. Yes; and airplane manufacturing. Airplane birch has become quite a serious thing from Latvia, and in Russia the birch which is being produced is being delivered at a cost of about one-third to one-fourth what it is sold for in this country.

Mr. KNIGHT. During the war my plant, which happens to be the largest in production in this country, was used exclusively for manufacturing airplane plywood. That is all I manufactured for the period of the war.

Following that time the imported product was so seriously interfering with my production, and the costs of my manufacturing were such, that I was not able to continue in that line and make none of it to-day.

I am not directly interested except to this extent, that if a crisis ever came to this country and we were called upon for plywood production for airplanes a great many plants would not be in position to supply it, because they are going out of that particular class of manufacture. I just want to get that into the record.

Mr. DAVIES. Dealing with and continuing on airplane birch, March 14 to 29, there was imported, and I have seen the original invoice, a total of about 20,000 cubic meters, which reads for airplane birch. It is one-sixteenth to three thirty-seconds in thickness, and at a total cost to the customer of \$7,421, invoiced Riga, Latvia, priced on the Russian Antorg Trading Co. Yet the statistics for the month of March do not show one foot as having been imported from Latvia. I have the invoice and the entry number.

You asked about cost on that. That was billed to them, and the customers paid on the billing price for the airplane birch of \$7,400. If you want the details—freight, \$237.13; services, \$21.60; duty, \$499.67; and an additional duty of \$765 paid on the instance I spoke of a moment ago, or a total of \$1,523, or a grand total for the delivered price of this airplane birch of \$8,945.

The Russian export declared value on that on the entry was a total of \$2,252.

Senator COUZENS. What rates did they pay?

Mr. DAVIES. Thirty-three and one-third per cent, which would bring the cost up to around \$3,000 plus duty. But the customer paid the duty in this instance. In other words, Russia is shipping our industry a total of about \$9,000 on what they are declaring value, supposedly foreign valuation, of \$2,200.

Senator COUZENS. What system of valuation do you approve?

Mr. DAVIES. In this instance I believe I would approve of United States valuation, because it is easier to be proved and more easily ascertained, and the rate being to give proper protection.

Senator COUZENS. Do you ask a system of valuation on all imports?

Mr. DAVIES. In a general way, I would say, yes, after listening to some of the hearings.

Senator COUZENS. How about the American system?

Mr. DAVIES. I don't think the American system would be unsuitable—I am differentiating between what the foreign, United States and American valuation is.

Senator COUZENS. Then apparently there is no way the Government has of checking up on this Russian valuation?

Mr. DAVIES. No, sir.

Senator COUZENS. Because they have no other means than to take the invoice?

Mr. DAVIES. Apparently, because they are supported by affidavits, and so forth. How are you going to disprove it?

I might mention this in passing. I am not criticizing the statistics at all. But in this instance the Russian Government, or the Antorg

Trading Co., stated specifically on the invoice—which I myself saw last Saturday and of which I can furnish a photostatic copy, if necessary, that it was f. o. b. Latvia. And it is not in the Russian statistics for the month of March.

I have definite evidence here of everything as to the Russian birch imported during the month of February, 234,170, sold to one American concern for a total delivered price of \$12,983, or about an average of \$55.50 per thousand square feet. The statistics show 234,180 imported from Russia at a declared value of \$5,211, or \$22.25 per thousand square feet.

Senator COUZENS. Who imported this?

Mr. DAVIES. Do you insist that I give you the name?

Senator COUZENS. Yes.

Mr. DAVIES. The United States Plywood Corporation.

Senator COUZENS. Is that a domestic producer?

Mr. DAVIES. Are they domestic producers?

Mr. KNIGHT. They are domestic producers. They are purveyors or traders.

Senator COUZENS. They do not manufacture?

Mr. DAVIES. I do not believe they do themselves.

Now, there is a difference. Our American customer was charged \$12,983 for what was declared to be a value of \$5,211.

Senator WALSH of Massachusetts. Why doesn't your association call this matter to the attention of the authorities?

Mr. DAVIES. This evidence has been adduced only by myself personally since last Thursday, and that accounts for it. We will put it in the brief and furnish it to you and give you every bit of evidence we have.

Senator WALSH of Massachusetts. The customs officials should enforce the law.

Mr. DAVIES. I don't know that anybody is at fault. They have a foreign valuation. How are they going to disprove that valuation unless they enforce the United States valuation on it?

I think, if I might venture a personal statement from my own analysis, that that might represent to the Antorg Trading Co., which is a direct representative of the Russian Government, a profit of between \$5,211 and \$12,983.

Senator COUZENS. They have the option under the law to use these several valuations.

Mr. DAVIES. I believe that is the way it reads—where they can not find foreign value, then declare it on United States.

Senator COUZENS. If the Treasury Department was informed they would use United States valuations instead of foreign valuations.

Mr. DAVIES. Now, getting back to the fact that there is, according to the statistics furnished us by the Bureau of Foreign and Domestic Commerce, a total of nearly 2,000,000 feet of mainly Russian plywood, birch wood, the question would be raised as to whether that is indicative of the rest of the year. There are no statistics available for April and May.

Senator COUZENS. From what other countries do they import it?

Mr. DAVIES. Latvia, Finland, Lithuania, some from Germany and France.

There is a recent report which I have here in my pocket and which I can give you a copy of, if you care to have it, being styled "Lumber

the World Over," No. 88529—May 29, 1929. This consists of two pages and points out that as a result of a survey—and this is by our consul at Riga, Latvia—of the 11 industries there they are producing approximately 75 per cent from birch and 25 per cent from alder, or 4,500,000 cubic feet of logs.

Birch plywood runs from a sixteenth to an inch in thickness. It can easily be figured out how many square feet of plywood that would be.

Senator COUZENS. Have you any information as to what percentage of that birch is used in airplane construction?

Mr. DAVIES. No, I have not. There was raised the question as to whether there was an available supply of material in these foreign countries to furnish the production necessary. This statement appears as a result of the investigation. I will read it:

Consumption of logs in 1929 is estimated by the 11 principal plywood factories at 5,050,000 cubic feet, or 1,400,000 cubic feet more than in 1928, and double the quantity required in 1927.

The plywood manufacturers, fearing a shortage of material, last year petitioned the Latvian Government to refuse permission to new firms desiring to erect plywood factories. The Government appointed a committee which recently finished its investigation and reported as follows:

"(1) The committee estimates the consumption of birch and alder (logs) by the industry, during the year 1929, at 4,500,000 cubic feet.

"(2) At the present rate of exploitation of the birch and alder stands, Latvian forests can furnish 4,900,000 cubic feet of material suitable for veneer production (estimated at 75 per cent birch and 25 per cent alder), and if the industry will utilize 6-inch to 8-inch logs, the available quantity will be increased to 5,900,000 cubic feet or approximately 1,400,000 cubic feet more than the present factories can utilize."

As a result of the committee's findings it is expected in the local trade that the Latvian Finance Ministry will grant licenses to parties interested in the erection of new plywood factories. Three new plants are reported as proposed.

In the month of May I saw two invoices under date of May 13, with a letter from the Antorg Trading-Co., stating that there arrived at Pier 84, North River, May 13, 1929, a shipment from which two items were billed. How much more I don't know. But these two items contained 633,000 cubic feet of birch plywood.

And bearing in mind the total production in this country and sales for 1927 were between 7,000,000 and 8,000,000 feet, there is a dire threat to the industry, due to the fact there is an unlimited source of birch and alder logs, and the labor costs in that country can be proved to be as much per day as it is per hour in this country. And they have imported American machinery with which to make this material.

I have here and can present as evidence, if you care for it, a catalogue of an importer that was mailed June 1 to the Frost's Veneer Seating Co., where, on page 17, it says, "Russian birch plywood. Absolutely waterproof. Over a million feet in stock. Ready to supply your demand. Millions of feet already since we introduced this plywood."

And here is a sample from the company of 9-ply birch plywood three-eighths inch thick and which they quote at 13 cents per foot "delivered to your factory."

It will cost the industry in this country f. o. b. their factory over 20 cents to produce that. Their selling price is 24 cents. Three-quarters of that cost is made up of labor.

Senator COUZENS. You may file those as exhibits.

Mr. DAVIES. The material is apparently sufficient to supply the industry's needs, because the birch itself is used in such quantities

and it represents a minor part of the cost of production, and birch for plywood, I think, is sufficiently available.

Senator WALSH of Massachusetts. For how many years?

Mr. KNIGHT. Mr. Frost would better answer that. I have gotten out of that line.

Mr. FROST. I wouldn't think it was short of 50 years.

Senator WALSH of Massachusetts. Has it been increasing in price constantly?

Mr. FROST. Not very greatly; no, sir.

Mr. DAVIES. One importation from Russia in the month of March was 772,374 feet, and for customs purposes invoiced at \$15,791, or an average of \$22.05 per thousand square feet.

The cost in this country would be from \$75 up per thousand feet to produce that.

The time to stop an epidemic is before it starts, and apparently all that this foreign industry needs is a means of distribution. You see how rapidly it has gained, as shown by the importations into this country.

Senator WALSH of Massachusetts. I should think the first thing for you to do is to call the Treasury Department's attention to the undervaluation.

Mr. DAVIES. If this undervaluation of \$22.50 were doubled and made \$45 and they applied 33½ per cent, it would bring it to \$60 as against \$75 cost of production of similar material, and they would get some relief. And that is what this association asked in brief, which I don't think needs to be changed. We are trying not to duplicate testimony but to give new evidence and prove that there is a dire need in the industry.

Senator COUZENS. Is that all, Mr. Davies?

Mr. DAVIES. That is all I have to offer. I will be glad to put it into the form of a brief, or the attorneys may do so, if we may have the privilege of submitting briefs.

Senator COUZENS. File it with the clerk.

RATTAN, CANE, AND REEDS

[Par. 410]

STATEMENT OF FRED M. CLEAVELAND, REPRESENTING THE YPSILANTI REED FURNITURE CO., IONIA, MICH., AND OTHERS

(The witness was duly sworn by the chairman of the subcommittee.)

Mr. CLEAVELAND. I represent the Ypsilanti Reed Furniture Co., of Ionia, Mich.

Senator COUZENS. You do not speak for any of the other reed manufacturers or furniture manufacturers?

Mr. CLEAVELAND. I am speaking, Senator, for the other American manufacturers of cane and reed products; that is, the manufacturers who import rattan, a raw material, and slit it into reeds and cane.

Senator COUZENS. Do I understand that you speak for the importers as well as the manufacturers?

Mr. CLEAVELAND. No, sir; I am speaking for the American manufacturers.

Senator COUZENS. Are they organized into an association?

Mr. CLEAVELAND. A rather loose organization, mainly for the purpose of being represented by a spokesman here at this hearing.

I am speaking for the Heywood-Wakefield Co., of Boston; the American Rattan & Reed Manufacturing Co., Brooklyn, N. Y.; John A. Dunn Co., of Gardner, Mass.; and Louis Stoughton Drake (Inc.), of Allston, Mass.

In paragraph 407 of the present law it is provided:

Reeds wrought or manufactured from rattan or reeds, whether round, flat, split, oval, or in whatever form, cane wrought or manufactured from rattan, cane webbing, and split or partially manufactured rattan, not specially provided for, 20 per centum ad valorem. Furniture made with frames wholly or in part of wood, rattan, reed, bamboo, osier or willow, or malacca, and covered wholly or in part with rattan, reed, cane, osier or willow, or fiber of any kind, 60 per centum ad valorem; split bamboo, split cane, split osier or willow, including chip of and split willow, prepared for basket making, 35 per centum ad valorem; all articles not specially provided for, wholly manufactured of rattan, bamboo, osier or willow, 35 per centum ad valorem.

Before the Ways and Means Committee, through the spokesman for the industry, we requested that that rate be increased to 50 per cent. At that time we submitted briefs giving the figures which we felt supported our request.

Senator COUZENS. What is the rate in the existing law?

Mr. CLEAVELAND. Twenty per cent.

Senator COUZENS. They make no change?

Mr. CLEAVELAND. They make no change. I have with me, Mr. Chairman, a brief which we would like to offer to your committee, which shows that the same figures that were submitted to the House Committee in support of this bill are amended to carry the present tariff increases.

But in addition to the figures contained in the brief I am submitting a table which shows the very serious shrinkage in business, and the consequent decrease in the number of people employed in this particular branch of our industry.

The shrinkage in the raw material imported from 1925 run from 1,078 tons in 1925 to 432 tons in 1929.

The number of people employed has shrunk from 111 to 43.

Senator COUZENS. What is the significance of that? Is that the raw material you import?

Mr. CLEAVELAND. That is the raw material which we import, which, of course, we do not import unless we can use.

Senator COUZENS. In other words, the fact that the importations decreased indicates a decrease in the production in this country?

Mr. CLEAVELAND. A decrease in the use and sale of the products in this country.

Senator COUZENS. What caused that, foreign competition?

Mr. CLEAVELAND. Foreign competition largely, and some style changes. But the element of foreign competition enters into it very considerably.

Senator COUZENS. How have the foreign importations varied during this period?

Mr. CLEAVELAND. The foreign importations have shrunk some, but not to anything like the extent that our production has decreased.

Senator COUZENS. I do not quite get the point. If the importations and the amount of manufactured products have decreased, it does not show that foreign importation has affected your business, but rather that some other factor has entered into it.



Mr. CLEAVELAND. There is also the element of the general condition of the furniture business, which has shown a decided shrinkage in volume in the last five years. That applies to the entire reed and fiber furniture industry as well as to the furniture industry as a whole.

Senator COUZENS. I can not get the point that the importations have been responsible for that, because you say they have decreased.

Mr. CLEAVELAND. They have decreased somewhat, but not to anything like the percentage that our own production has decreased.

Senator COUZENS. Then that indicates, if the importations have decreased and your own production has decreased, that the whole consumption has decreased?

Mr. CLEAVELAND. Our importations and our consequent activity were less than 50 per cent in 1928 of what they were in 1925. The importations, which, of course, are a matter of record with the Federal Trade Commission, show nothing like that percentage of decrease.

So that my contention is that in the present depressed condition of the furniture business, the imported materials have more than held their own, and that whatever slackening in the general demand for furniture there has been has largely come out of the domestic manufacturers.

Senator COUZENS. I do not quite get your point, that any increase in the tariff is going to help you very much.

Mr. CLEAVELAND. It would help to this extent, that it would give us, we feel, a better share of the business there is available, and the total volume of business available to-day is not as big as it was.

Senator COUZENS. That is probably due to the fact that the citizens are using motor cars and radios instead of rattan furniture.

Mr. CLEAVELAND. Nevertheless, we hope to go along in the furniture business and to get whatever of the furniture business there is to be done.

Senator COUZENS. Have you finished your statement?

Mr. CLEAVELAND. With one exception, Senator. A statement was made before the Ways and Means Committee that the splitting of rattan in China was done exclusively by hand. I wish to enter an exception to that statement. The fact is that every prominent Chinese manufacturer of reeds and cane is to-day operating with his cheap Chinese labor American rattan-splitting machinery, and every importer of Chinese reeds and cane is offering machinemade Chinese products as well as the cheaper handmade Chinese products. So that our competition from China—and that is where it largely originates—is to-day not from Chinese hand labor but from Chinese-operated machinery.

Senator COUZENS. Have you any views concerning the method of valuation, whether it should be the United States method, the American method, or foreign valuation, as to which method should be in force?

Mr. CLEAVELAND. I have, Senator. It is my feeling that in the case of these rattan and cane products that the only equitable basis of assessment would be on American valuation.

Senator COUZENS. You have not taken any cognizance as to how that would apply to other importations?

Mr. CLEAVELAND. I think it would be a very difficult matter to apply generally. But, as I understand the law, there is a provision for the employment of that method in special cases. I think this industry is one that should call for the use of American valuation.

Senator COUZENS. That would mean a considerable scaling down of rates, if you used American valuation?

Mr. CLEVELAND. Exactly so.

Senator WALSH. What percentage constitutes the imports as compared with the total consumption of these manufactured products in this country?

Mr. CLEVELAND. I should say to-day, Senator, that the imports of reeds and cane were around 50 per cent of the total consumption.

Senator WALSH. Do you know what that represents in volume?

Mr. CLEVELAND. I have not those figures with me, but we can get them, and will, if you like, submit them with this brief. They are available, except that nothing is available later than 1927.

Senator WALSH. Are these importations specialities, something you do not manufacture yourselves in this country, but for which you could substitute your goods if these foreign goods did not come in?

Mr. CLEVELAND. No; they are not. They are duplicates of products that are manufactured here.

Senator WALSH. The same style and the same patterns?

Mr. CLEVELAND. The same things exactly.

Senator WALSH. Where are they manufactured mostly?

Mr. CLEVELAND. Mostly in the Hong Kong district of China.

Senator WALSH. Are they transported in parts or in bulk?

Mr. CLEVELAND. In bulk.

Senator WALSH. I suppose your concerns do not manufacture reed manufactures alone. These concerns you represent manufacture a great variety of furniture, do they not?

Mr. CLEVELAND. Senator, the Heywood-Wakefield Co., as you know, and our own company, the Ypsilanti Reed Furniture Co., manufacture not only these rattan products but a complete line of reed and fiber furniture. The other rattan splitters whom I enumerated have no business except to split rattan. They are not furniture manufacturers at all.

(Mr. Cleveland submitted the following brief and letter:)

BRIEF OF THE HEYWOOD-WAKEFIELD CO. AND OTHERS

The SENATE FINANCE COMMITTEE:

H. R. 2667 makes no increase in the rates now in effect under the act of 1922.

We respectfully invite the attention of the Finance Committee to the following facts relative to the manufacture of rattan and cane products and the severe competition with domestic production that results from the importation of these materials, particularly from China, Germany, and France.

This company and its predecessor partnerships have been manufacturing rattan in forms necessary for its various uses for over 100 years. It is therefore one of the oldest industries in the country.

The exhibits referred to herein are from both American and foreign manufacture and upon examination it will be readily seen that there is practically no difference in the quality of the materials.

It is also shown herein that the imported materials are being offered for sale in this country at prices lower than the costs of the same materials of American manufacture.

RATTANS

Rattans grow wild in the jungles in the Dutch East Indies, as well as some parts of the Philippine Islands and this material is gathered by the natives and brought down the rivers to trading ports and is then shipped to all parts of the world. The bulk of the rattans are shipped from Macassar, Celebes Islands, and Singapore, Straits Settlements. The sticks of rattan are run through a machine which separates the outside into thin strips known as "cane." The inside of the stick is called "reed." See exhibit marked "Rattan."

FREIGHT RATES

Rattan shipments from Macassar and Singapore to Hong Kong will take about one week and to Germany about 35 days, as compared with the American shipments to New York and Boston of 45 days. The majority of the rattans going to China and European ports by steamer are shipped as dunnage which is at a considerably lower rate than shipments going to America which in most all cases have to be shipped as clean cargo which carries a higher freight rate. So it is quite evident that the American manufacturers are at a disadvantage in owning their rattans by having to pay higher freight rates on account of longer steamship voyage, coupled with being obliged to pay clean cargo rates.

The following exhibits and prices clearly illustrate the necessity of increasing protection to the American manufacturers of this material.

RATTAN REEDS OR CORE

(Exhibit A, American; Exhibit A-1, Chinese)

This material is manufactured from raw rattans and is the inside of the stick and the material is used principally in the manufacture of reed furniture and we give below the prices at which this material is being offered in this country by the China Products Exporters Co., of Hong Kong, China, as per their letters of November 24 and 26, 1928.

	C. i. f. ¹ price per pound	C. i. f. price including duty of 20 per cent	American manufac- turing costs, 1927-28
No. 5 reed, machine made, China.....	\$0.182	\$0.219	\$0.34
No. 5 reed, hand made, China.....	1.41	.169	.....
No. 6 reed, machine made, China.....	.149	.178	.32
No. 6 reed, hand made, China.....	.121	.145	.....
No. 10 reed, machine made, China.....	.095	.114	.20
No. 10 reed, hand made, China.....	.083	.112	.....

¹ Cost, insurance, freight.

The American costs mentioned above are for machine-made material, as no handmade reed is manufactured in this country, but we are, of course, obliged to meet this competition.

OVAL PITH—FLAT PITH—GROOVED OVAL PITH

(Exhibit B, American; Exhibit B-1, Chinese)

These materials are products manufactured from round reed and are used principally in the manufacturing of furniture and we give below imported selling prices as compared with costs of the American manufacturers:

	C. i. f. price per pound	C. i. f. price, in- cluding duty of 20 per cent	American manu- facturing costs, 1927-28
Flat pith, machine made, China.....	\$0.135	\$0.162	\$0.21
Flat pith, hand made, China.....	.133	.159	.....
Oval pith, machine made, China.....	.164	.190	.30
Oval pith, hand made, China.....	.163	.195	.....
Grooved oval pith, China.....	.114	.136	.22

The American costs mentioned above are for machine-made material.

CHAIR CANE OR RATTAN PEEL

(Exhibit C, American; Exhibit C-1, Chinese)

This material is used for the seating of chairs and we give below comparative costs:

	C. i. f. price per pound	C. i. f. price, in- cluding duty of 20 per cent	American manu- facturing costs, 1927-28
No. 1 fine cane, machine made, China.....	\$0.368	\$0.45	\$0.62
No. 1 medium cane, machine made, China.....	.27	.324	.47

CANE WEBBING

(Exhibit D, American; Exhibit D-1, Chinese)

This material is rattan peel woven into cane webbing which is used principally for seats of chairs and panel work in furniture and comparative costs of imported material are given as follows:

	C. i. f. price, square foot	C. i. f. price in- cluding duty of 20 per cent	American manu- facturing costs, 1927-28
Fine open cane webbing, China.....	\$0.13	\$0.156	\$0.175
Medium close woven cane webbing, China.....	.14	.168	.173

BINDING CANE

(Exhibit E, American; Exhibit E-1, German)

This material is used principally in double cane seat chairs and Germany is the largest shipper of this material to the United States. We believe that somewhere about 10,000 bales of this material are imported to the United States each year, at an average price of \$35 per bale, including duty, amounting to \$350,000, which is considerably lower than the cost of the American manufactured product, notwithstanding the fact that 20 per cent duty is paid on this material. It is our contention that the American manufacturers are well equipped to supply the American consumers with this material and we feel that the present rate of duty should certainly be increased so as to enable us to enjoy some of this business which is going to foreign countries. The American costs on wide binding cane will average from \$40 to \$47 per hundred thousand feet, while wide binding cane imported from Germany, as well as China, will run from \$30 to \$40 per hundred thousand feet, but the bulk of the material imported is sold at a figure around \$35 per hundred thousand feet. During the years previous to the war the American manufacturers were able to obtain a large part of the domestic wide binding business but since the war the consumption of imported binding cane has been increasing each year and the American manufacturers have been losing this business on account of lower labor costs in foreign countries which enables the manufacturers in those countries to produce their material at low costs and offer the same at prices below the American manufacturers.

AMERICAN REED AND CANE MANUFACTURERS

We submit for your information that the rattan manufacturers of this country, of which there are seven, have only been operating about 40 per cent of their capacity for several years and the business has not been a profitable one to invest further capital on account of having to sell our manufactured products at prices so low that in order to meet competition in many instances we have been obliged to take an actual loss on the transactions, and we feel that as this industry represents invested capital of several millions that we should be given some considera-

tion as regards protection from imported materials so as to enable us to obtain a legitimate profit on our manufactured goods and we feel that the present rate of duty of 20 per cent is inadequate and that a duty of 50 per cent should be levied on all products manufactured from rattan. You can readily see from the imported costs mentioned in this brief that even at this increased duty our competitors will be still able to compete with the American manufactured materials. The reed and cane products which are being manufactured in Hongkong are improving in quality continually and as labor in these foreign countries becomes more efficient it is only a matter of time when the American manufacturers will be forced out of business, if greater protection is not given them through higher tariffs.

FOREIGN LABOR

We are submitting photographs which may be of interest showing a rattan and cane splitting factory operated by the Heywood-Wakefield Co. in Singapore during the war period, and we wish to call particularly to your attention the type of labor employed, being mostly young boys and women, at a daily wage of 15 cents to 40 cents United States currency, and coolie labor, which refers to men, 50 cents to 60 cents United States currency per day, and it is our opinion that lower wages than these are being paid at the present time for labor employed in China in the manufacturing of rattan and cane products. So it is quite evident that it is impossible for the American manufacturer paying a daily wage averaging \$3.20 for similar work to meet any such competition on his manufactured goods unless higher tariff rates are obtained.

The facts and figures stated in this brief, so far as they relate to domestic production have been obtained from the accounts and processes of the Heywood-Wakefield Co., of Wakefield, Mass., and may be there verified, if desired.

This brief is submitted in behalf of the said Heywood-Wakefield Co. as well also as the American manufacturers listed below:

American Rattan & Reed Manufacturing Co., Brooklyn, N. Y.

John A. Dunn Co., Gardner, Mass.

Heywood-Wakefield Co., Wakefield, Mass.

Louis Stoughton Drake Co., Allston, Mass.

Nichols Rattan Co., Gardner, Mass.

United States Rattan Co., Hoboken, N. J.

Ypsilanti Reed Furniture Co., Ionia, Mich.

We respectfully request that you recommend an increase in duty upon these products to not less than 50 per cent to enable these manufacturers to meet the foreign competition above described.

HEYWOOD-WAKEFIELD Co.

LETTER FROM THE YPSILANTI REED FURNITURE CO., IONIA, MICH.

JUNE 22, 1929.

HON. JAMES COUZENS,

Finance Committee, United States Senate, Washington, D. C.

MY DEAR SENATOR COUZENS: We are not sure that we clearly answered the question that you put to the writer as to whether the shrinkage in business of the rattan-splitting manufacturers is to be attributed to importations or to a lessened demand for furniture. Perhaps we can answer it clearly as follows. There is a lessening demand for furniture due to numerous causes including the automobile that you mentioned, and this has resulted in a shrinkage in the total consumption of rattan products, both of domestic manufacture and imported. It is a fact, however, that the domestic production has shrunk in volume of use much more than has the imported. In other words, the domestic manufacturers have not been able to retain their percentage of the total available volume of business although this is admittedly less than it was.

The figures showing the shrinkage in the business of our company and the Heywood-Wakefield Co., were mentioned in our testimony and are inclosed herewith. These, together with this letter, may, if you please, be considered a part of this brief.

The several samples mentioned in the brief are inclosed and can be readily identified by the numbers which correspond with the references in the brief. The photographs of rattan splitting in Singapore are on file with the Ways and Means Committee of the House of Representatives and unfortunately we are not able to secure duplicates of them.

We are speaking for all the rattan manufacturers, as follows: Heywood-Wakefield Co., Boston, Mass.; John A. Dunn Co., Gardner, Mass.; Nichols Rattan Co., Gardner, Mass.; Louis Stoughton Drake (Inc), Boston, Mass.; United States Rattan Co., Hoboken, N. J.; American Rattan & Reed Manufacturing Co., Brooklyn, N. Y., and the undersigned.

Yours very truly,

YPSILANTI REED FURNITURE CO.,
FRED M. CLEVELAND.

	Total number employed in overseas department	Total number on pay roll		Total number employed in overseas department	Total number on pay roll
June 1:			June 1—Continued:		
1922.....	168	888	1926.....	122	1,015
1923.....	212	1,153	1927.....	76	800
1924.....	177	1,205	1928.....	45	807
1925.....	111	851	1929.....	43	793

	Rattan imported	Value	Average cost per hundred pounds
	Tons		
1925.....	1,078	\$256,811.52	\$11.91
1926.....	1,125	277,736.58	12.35
1927.....	302	52,880.09	8.74
1928.....	432	95,494.39	11.04
1929 (5 months).....	145	25,718.07	8.90

The average cost of rattan over the above period varies from \$11.16 to \$14.77 for the better grade of rattan. Purchases the last three years of the better quality rattan have been light; the present cost is about \$15.50.

The cheaper qualities vary from \$6.76 to \$9.31 over the same period. Present price, \$8.90.

Averages by the year

	Packir, etc.	Sankole-rang	Tohiti
1925.....	13.70	8.55	7.54
1926.....	14.22	8.73	6.76
1927.....	11.16	9.31	7.21
1928.....	14.77	8.95	7.19
1929.....	12.42	8.25	7.42

SALES

1925.....	472,714.67
1926.....	436,069.34
1927.....	275,371.23
1928.....	239,727.38
1929 (5 months).....	99,506.69

HEYWOOD-WAKEFIELD CO., WAKEFIELD FACTORY

Rattan importations from Singapore during the years 1924 to 1928, inclusive, were as below:

Year	Tons rattan	Cost rattans
1924.....	1,460	\$283,310
1925.....	1,289	265,431
1926.....	1,078	237,137
1927.....	1,027	241,910
1928.....	963	230,107

RATTAN AND CANE DEPARTMENT

We give below gross sales of rattan and cane products, as well as the number of employees on this work for the years 1924 to 1928, inclusive:

Year	Gross sales	Number of employees
1924.....	\$459,786.93	105
1925.....	536,384.79	96
1926.....	478,881.74	74
1927.....	368,013.82	70
1928.....	393,372.04	73

STATEMENT OF ALLAN GERDAU, REPRESENTING OTTO GERDAU & CO. (INC.), NEW YORK CITY

(The witness was duly sworn by the chairman of the subcommittee.

Mr. GERDAU. Mr. Chairman and gentlemen, I refer to schedule 410, rattan, reed, and cane, wrought or manufactured from rattan.

Our company has been established since 1872. We have always understood that American tariff legislation desired to have suitable duties on manufactured articles to give American factories and labor adequate protection against cheap foreign labor; and that with respect to importations of raw material not produced in this country, they should be duty free, to enable our factories to compete in world markets.

We have consistently supported this policy. We have never asked for a downward revision of any duty that would harmfully affect American labor, even when it would have been to our distinct advantage to have done so.

As one example, we were agents for one of the largest German cutlery houses, probably one of the largest cutlery factories in the world. When the present tariff was proposed we did not come to Washington and ask for a low duty, because we knew that we were underselling only because of cheap German labor. We would rather be out of business than to ask for a selfish low duty that would harmfully affect our country.

Rattan is a long, slender, porous stick, if I may show you a sample. The bark, when removed, is known as chair cane, binding cane, slab rattan, or broom rattan, according to the quality of the rattan from which it is taken.

After the bark is removed the remainder is reed. The rattan is imported into this country exclusively from the Far East. Cane and reed of similar quality, and which is put to similar use as the American cane and reed, are imported from Germany, and a small quantity from France. A hand-made soft and inferior reed is imported from China.

The peeling of the rattan is a matter of machine knives, except in China, where the cheap grades are peeled by hand. There is one company in this country that devotes itself exclusively to the peeling of this rattan and selling the cane and the reed to the furniture, basket, and baby carriage trade. All the other companies are primarily furniture manufacturers who peel their rattan for their furniture, selling their surplus to their small competitors.

We believe that the present duty is exactly contrary to your desire. It is monopolistic and discriminatory. It taxes the raw material of

the small factories, which are already at a distinct disadvantage as compared to the large factories. It does not tax the raw material of the large furniture factory.

It is our belief that if a duty should be levied for revenue purposes, it should also be levied on the rattan, which is the raw material of the large furniture factory, the same as on the cane and reed for the small factory.

The original duty of 10 per cent which was placed on reed, I believe was placed for the reason that Germany had fairly good control of the rattan markets in the Far East. Also they had subsidized freight rates: All of these reasons have become extinct. In fact, in 1921, the only man asking for a duty admitted that the German competition was not to be feared by American factories. It is so obvious that Germany is at a disadvantage in producing this reed, because, first, the freight rate to Germany is the same as to the American factories. Then, to manufacture the reed, ship it to this country, and have the extra warehousing and extra freight rates on such bulky material, places them at such a disadvantage that it is obvious to anybody.

I do not believe anyone will even attempt to argue that a German factory is at an advantage as compared with the American. In 1920 Mr. Green pictured as a new specter China as a machine using nation. He said that China was making a reed similar to the American reed. As is the case in all statements that are wrong, one generally contradicts himself, and in that same testimony Mr. Green three times admitted that China was not a machine-using nation and would not be for years.

Furthermore, to-day we import both Chinese and German reed. We import practically no Chinese machine cut reed, because they are inferior and nobody will take them. What is imported into this country in a fairly large way is the hand cut Chinese reed, which is made from a very soft rattan. To be able to pull the reed and separate it from the rattan by hand, it must be of soft quality. It is used in our brooms. It is a totally different article from the German or American reed. They are totally different industries and they have totally different customers.

Also before the House, Mr. Stout, of the Heywood-Wakefield Co., mentioned that they had manufactured in Singapore. In 1920 I saw Mr. Stout in Singapore, when the duty was 10 per cent. Mr. Stout then admitted that the cutting of reed in the Far East was a failure and they were going to give up their plant, when the duty was 10 per cent.

We know as a fact that you can not cut with machines in China, for these three reasons. We represented a German factory, the largest factory in the world of that kind. They tried to cut in Singapore, and it was a complete failure. Within two years, we were agents for the largest rattan exporter from Macassa. He attempted to cut reeds in Macassa right at the original source of supply. He has also failed.

At the present time you have definite proof that the machines can not cut this reed in China, because there is practically no cane imported from China; and that is the cane material. The reed is the by-product. They destroy the cane in China, and they use it for

wrapping, and so forth, without being able to utilize it. It is the cane article here in America which we use in our car seats, and so forth. The manufacturing would be tremendously expensive.

As another illustration of somewhat misleading testimony, mentioning China as a machine-using nation, we would like to prove that examples were given on chair cane. It was said that the American cost was 52 cents a pound. Their selling price per bale on that article, which cost 52 cents per pound was \$60 per bale, less 15 per cent, making the net cost per bale \$51. That bale weighs 66 pounds, making the selling price 77 cents a pound. In other words, an example was given where the American cost was 52 cents, the selling price was 77 cents, and still they asked for protection.

On the medium cane they gave another example of the cost as 47 cents a pound. The selling price is \$80, less 15 per cent per bale. The weight of that bale, in that grade, is 77 pounds per bale, making a selling price of 88 cents a pound. In other words, a cost figure is given to you of 47 cents a pound, but their selling price is 88 cents.

Furthermore, they have absolutely no competition from China. Our reason for believing that is that we are among the oldest importers, and we have never imported a single bale of Chinese chair cane. We have never heard of a bale being imported, and we are sure your Tariff Commission can verify the fact that no chair cane is being imported from China.

Senator COUZENS. If that is so, what is the objection to the tariff?

Mr. GERDAU. On the Chinese. They give the Chinese figures. We do import German cane. I do not believe anyone can show any figures that would show that a German factory would be an advantage to an American. The fact is that they have machine knives. The largest factory here that devotes itself to selling to the furniture manufacturers has from 50 to 100 men. The cost of that labor would be offset by the extra transportation charges.

They are comparing Chinese figures on articles that are not imported, and for that reason, sir, it seems to me that they got the duty. The duty was raised in 1920 from 10 to 20 per cent. It had been at 10 per cent for a great many years—30 or 40 years, I think.

Senator COUZENS. How many more witnesses are there here go be heard?

Senator WALSH of Massachusetts. Do you want to conclude tonight by leaving your brief, or do you want to come back in the morning?

Mr. GERDAU. May I come back in the morning?

Senator WALSH of Massachusetts. Yes. Let me ask you a question before you go. Do you control all this product that is imported into this country?

Mr. GERDAU. No, sir.

Senator WALSH of Massachusetts. Are there others?

Mr. GERDAU. Yes, sir; but we are the largest.

Senator WALSH of Massachusetts. You sell to American manufacturers?

Mr. GERDAU. Of furniture.

Senator WALSH of Massachusetts. Is there any American product, comparable to this, produced in America?

Mr. GERDAU. Yes; there is.

STATEMENT OF ALLAN GERDAU, REPRESENTING OTTO GERDAU CO., NEW YORK CITY—Resumed

Mr. GERDAU. Mr. Chairman, I mentioned yesterday that rattan is a porous stick coming from the Far East. The bark, when it is removed from the stick is called the cane, chair cane, binding cane, slab rattan, splitbroom rattan, and so forth, according to the quality of rattan from which it is cut, and the purpose for which it is used, and the remainder, after the bark is removed, is the reed.

The only reason given for asking higher duties in 1920 or 1921 was that China was becoming a machine-using nation, and competition from there was to be feared.

I believe Mr. Green, when he made that statement, made it with complete sincerity, that China was going to become a machine using nation, although he did say, in the course of his testimony that it was not at that time a machine-using nation, and they were not successful in operating machines.

We believe, as the importations show but a very small quantity of machine-cut reed is imported from China, that the correct time for imposing a duty would be whenever that nation really has become a machine using nation.

The competition is not Chinese competition.

There is no appreciable quantity of Chinese chair cane imported into this country. We have been in the business 40 years and we have never imported any quantity of it.

Also, we mentioned that the costs to the American factory were given there as 52 cents and 47 cents as entering into the selling prices respectively of 77 cents and 78 cents. I can only believe those comparisons were given to mislead.

Also, some figures were given on flat pith, oval top pith, grooved oval pith, and oval Chinese reeds with the cost of those imported into New York.

As an example, we make more money on machine cut reeds from China per pound than on the importations from Germany, but still not more than one-tenth of our importations, I believe, are machine-cut Chinese reeds. We would import more if we had the outlets.

I want to emphasize one thing, and that is that I believe this committee might think, that because this being one factory in this country that cuts reeds for the furniture trade, that it is a small industry; but whereas this factory only employs from 50 to 100 men, the furniture people and the carriage makers and the basket industries employ thousands and thousands of men, and if this raw material were excluded from these factories it would affect thousands and thousands of men.

The large furniture people who have always appeared before you compete with these small people. There is a small caner, a small furniture man and basket maker in almost every town in our country.

These small people have to compete with such large factories as the Heywood-Wakefield, which sell to the large dry goods houses and other big concerns, and if companies like the Heywood-Wakefield Co. can exclude the raw material of these smaller people then they can have a monopoly.

If the raw material of the small people is excluded and the prices are raised, fiber will be substituted. It is already being substituted

to some extent. I believe the Heywood-Wakefield Co. is asking for a second hearing here in connection with the fiber. That they are interested in a fiber factory, I think will not be denied.

Two things would happen if the price of the raw material to these small people were raised: Either the small people would go out of business, so far as reed is concerned, entirely or fiber would be used, and that, as I say, is already in the possession of the large factories.

Senator WALSH. Is fiber produced in this country?

Mr. GERDAU. This fiber is replacing reed because of the high cost of the reed.

May I also mention this fact: We said if the duty of 1921 would be raised our business would probably decrease, and it has decreased by half what it used to be. Also, the factories I have referred to said if the duty were raised they would go out of business. But I believe for the last 20 years they have been consistently making money.

In the South they send these chairs out from the different factories and work on them in the wintertime in their homes. Those people will take out from those factories say a dozen chairs one day and then return them. There are thousands of people engaged in that cheap chair work alone in the South.

STATEMENT OF RICHARD C. STOUT, REPRESENTING THE HEYWOOD-WAKEFIELD CO., WAKEFIELD, MASS.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Will you state whom you represent?

Mr. STOUT. I represent the Heywood-Wakefield Co., manufacturers of rattan, reed, and cane products.

Mr. Chairman, I heard several gentlemen yesterday speak about rattan and cane products. I have been 25 years in the business, 14 years in the East.

I want to make clear to you, gentlemen, that a stick of rattan is the raw product which runs through the machine. It does not make any difference whether it is manufactured in China, America, Germany, or France.

There are two distinct articles coming off of that stick. The inside of the stick is called the reed, which is a core, and the outside, which is separated into thin strips by a machine, is known as cane. If any man can stand before you gentlemen and try to impress upon you that the reed is a raw product, I can not imagine it, because rattan is a raw product, and there is none grown in this country. It is imported from the Dutch East Indies, Borneo, and the Straits Settlements.

There is one other exception. Mr. Demarest mentioned split bamboo. A duty was put on split bamboo in 1922. It is what we call split broom rattan, which is the outside of a stick of rattan. That is cut into strips 18 inches long, and sold to broom manufacturers in this country. The rattan cane splitters of this country have a large outlet for that product, and I can not understand anyone saying that split bamboo has no competitive article manufactured in this country.

I thank you, Mr. Chairman and gentlemen.

BRIEF OF GEORGE H. MAUS (INC.), AMSTERDAM, N. Y.

(Including split bamboo and rattan, reed, and cane furniture)

Hon. REED SMOOT,
*Chairman Senate Finance Committee,
United States Senate, Washington, D. C.:*

The brief is filed as a protest against the rates of duty as set forth in paragraph 410 of the tariff bill recently passed by the House of Representatives.

In this connection we invite attention to the fact that the Heywood-Wakefield Co., Wakefield, Mass., have had everything their own way with several past Tariff Commissions and are employing these same tactics in reference to the present bill. This company formerly imported rattans from Singapore, lately from Macassar, making all of their rattan furniture here in their Wakefield, Mass., factory.

While manufacturing this furniture they never asked for any duty on the material. As time went on, China started shipping furniture to America and supplied the consuming public at a cheap price. This naturally forced the Heywood-Wakefield Co. to demand from their New England representatives in the Senate and the House to place a duty of 60 per cent on same which was done and which practically knocked out Chinese competition and forced the consumer to pay as much more for this rattan furniture.

Then some American manufacturers started making furniture out of Chinese reeds which have always been entered duty free. When our friends saw this competition they again passed the word along to their servants in Washington that they absolutely must have a duty of 20 per cent placed on China reeds, which was incorporated in the 1922 tariff.

During all this time a by-product (split rattan) produced in China was being shipped to America duty free and used by our American broom manufacturers in making street and barn brooms. Heywood-Wakefield Co. also imported the raw material duty free and found that they had a by-product of this split rattan but could not compete with the China importations as long as it was coming in free. Again they needed protection and succeeded in having a duty of 20 per cent placed on this item, and brooms were advanced 20 per cent to the consumer as a result.

Split bamboo was always on the free list until this material began to compete with the by-product of this same firm and they demanded a duty of 1¼ cents per pound in order to sell and make a profit on their by-product. Again the buyer of a broom with split bamboo was forced to pay the extra duty.

It is interesting to note that all these articles should be included under one paragraph and serve to protect the interest of so few.

We will continue to import the above materials but the consumer will be forced to pay the extra duty and that duty upon an article that is not grown, produced, or manufactured in America.

We respectfully request that the duty on furniture be reduced to 33½ per cent and the duty on reeds, rattans, and split bamboo be eliminated entirely placing these articles on the free list, where they belong and where they were listed in previous years.

Respectfully submitted.

GEORGE H. MAUS (INC.),
By C. A. PLATT, *Treasurer.*

SPLIT BAMBOO

[Par. 410]

**STATEMENT OF CHARLES H. DEMAREST, NEW YORK CITY,
REPRESENTING DOMESTIC BROOM MANUFACTURERS**

(The witness was duly sworn by Senator Couzens.)

Senator WALSH. Whom do you represent?

Mr. DEMAREST. I represent the broom manufacturers of the United States. There are about 300 of them, and this is on a very small, comparatively small, article known as split bamboo. It is imported from China, and it is the broom manufacturers', at least,

some of the broom manufacturers', raw material which is used for straight brooms. They are used for filler in house brooms and are used for the rotary sweepers that you see on the streets. This has been doubled under the present, existing tariff at 1¼ cents per pound. It is much like lumber that was testified to this morning on logs, that previous to that there never was any duty, and I do not see any reason why raw material for any competitive article here should have a duty except for revenue purposes.

Senator WALSH. What duty was levied?

Mr. DEMAREST. One and a quarter cents per pound.

Senator WALSH. How much does this cost per pound?

Mr. DEMAREST. It runs from two to four cents per pound, so that would make a rate of about 40 to 60 per cent.

Senator WALSH. Ad valorem, and it should either be reduced or put on the free list.

Senator THOMAS. Who is asking that the item be retained in the bill? Who is responsible for placing the item in the bill?

Mr. DEMAREST. There is no one placed it in this act except that it came from the other bill. In the present existing tariff it was carried, and it is proposed in this tariff.

Senator WALSH. It was put in first in 1922. There was no tariff before that?

Mr. DEMAREST. None before that. We can not account for why it was put in.

Senator WALSH. It is carried in the House bill again?

Mr. DEMAREST. Yes.

Senator WALSH. And you are asking that it be eliminated?

Mr. DEMAREST. Yes; it is a very small item. The revenue derived is \$100,000 from the importation of this article. Brooms, as you know, are a very cheap commodity used in the house, and we are asking that it be eliminated.

Senator WALSH. Is this article in competition with broom corn in the making of brooms?

Mr. DEMAREST. No, sir; it is an added part of the broom industry used in connection with broom corn.

Senator COUZENS. Where does it come from?

Mr. DEMAREST. From China.

Senator THOMAS. With what would it compete in this country?

Mr. DEMAREST. There is not anything it would compete with.

Senator WALSH. It is made of bamboo.

Mr. DEMAREST. Made in China in strips cut to lengths for the broom industry. It is a raw material absolutely.

Senator WALSH. Would there be any advantage if it came over here not made up?

Mr. DEMAREST. It would be a disadvantage.

Senator WALSH. Would it not be an advantage to the American workers to have the work done over here?

Mr. DEMAREST. It could not be done here or produced for twenty times the cost, because it is of such a nature, the raw bamboo being so bulky, that the freight would be enormous and the labor would be so high the broom manufacturers could not use it. It has a local use distinctly for certain purposes in the broom industry.

Senator COUZENS. What paragraph of the bill is it in?

Mr. DEMAREST. In this tariff bill it is paragraph 410.

Senator COUZENS. Have you anything further to say?

Mr. DEMAREST. Nothing except that in the same schedule the broom manufacturers use reeds which are dutiable at 20 per cent ad valorem. There is a reed imported from China for brooms, which also does not compete with the American reed because of its low price. It is a hand-made reed. I just wanted to bring that out.

Senator COUZENS. What do you want?

Mr. DEMAREST. I am willing to leave it as it is.

Senator COUZENS. You do not think it ought to be increased?

Mr. DEMAREST. Not the broom end of it, not for brooms.

Senator COUZENS. Do you have any difficulty in arriving at the foreign valuations?

Mr. DEMAREST. We have not, no, sir; it has been a very easy matter. We have never had any difficulty with the customhouse on that.

Senator THOMAS. Are you going to file a brief?

Mr. DEMAREST. I would like the privilege of doing so.

Senator COUZENS. You may file it.

(Mr. Demarest submitted the following brief:)

**BRIEF OF THE EASTERN BROOM MANUFACTURERS AND SUPPLY DEALERS
ASSOCIATION**

To the SENATE FINANCE COMMITTEE,
Washington, D. C.

GENTLEMEN: Following my appearance before subcommittee, permission was granted to file brief on the subject of split bamboo and reeds, which is as follows:

This article has been admitted free of duty in all previous tariff bills, except the one enacted in 1922, when a duty of $1\frac{1}{4}$ cent per pound was placed on it. Just why this was placed the writer is unable to know definitely, except that it might be for revenue, as in my opinion it does not in any way give protection to any other industry. However, the revenue from this material, at this rate, would net the Government only from fifty to one hundred thousand dollars per annum, a very small amount indeed.

This is a raw material, cut to length, suitable for manufacturers of brooms, particularly specialty brooms, metal-case hand brooms, and also for rotary sweepers for street sweeping. There is no other material which competes with this article directly, as the other materials, such as rattan waste, would not suit for the purposes above mentioned. The broom manufacturers have tried and found split rattan and reeds too flabby and not stiff enough to do the work required of cleaning streets.

The National Broom Manufacturers Association have asked the writer to represent them, urging that this article be removed from the dutiable list and placed on the free list, as it is their raw material. The article has been sold to the broom manufacturers at around 4 to 5 cents per pound, according to length and quality, including duty of $1\frac{1}{4}$ cents. It can be readily seen that on this basis ad valorem duty would figure comparatively from 40 to 60 per cent on the first cost, after the freight from China to New York is deducted. This is much higher than reeds classified under paragraph 410 in the present bill under discussion (Smoot-Hawley bill). These are classified as 20 per cent duty, to which the broom manufacturers have no objection, but do most earnestly protest against an advance in the rate above this figure for the reason that American reed manufacturers were asking for this 50 per cent duty on all reeds have included in their request hand-cut reeds, which are not made here and could not be made here. All reeds made in this country are made by machine, and it would be a great injustice to compel the broom manufacturers to pay 50 per cent on their raw material; it would not protect any industry, because the class of reeds made by these few other manufacturers are made almost entirely for their own consumption in their own industries and not for resale to broom manufacturers. Broom manufacturers could not afford to pay double the price for reed that they are now paying.

Imported hand-cut China broom reed is sold in this market, including 20 per cent duty and freight from China, at from $9\frac{1}{2}$ cents to $12\frac{1}{2}$ cents per pound.

The only domestic reed available would be available at the price of about 23 cents to 25 cents per pound, and that rate would be an entirely different product for use in manufacturing chairs and furniture and not of the type, or quality, or kind for use in brooms.

Yours very truly,

CHARLES H. DEMAREST,
227 Water Street, New York City.

RATTAN, REED AND WILLOW FURNITURE

[Par. 410]

STATEMENT OF GEORGE L. BARNES, REPRESENTING THE HEYWOOD-WAKEFIELD CO., WAKEFIELD, MASS.

[Including bentwood chairs, par. 413]

(The witness was duly sworn by the chairman of the subcommittee.)
Senator COUZENS. Whom do you represent?

Mr. BARNES. I am speaking as vice president of the Heywood-Wakefield Co. That company, Mr. Chairman and gentlemen, has plants in Wakefield and Gardner, Mass., and in Chicago, Ill., Menominee, Mich., Portland, Oreg., various warehouses throughout the United States such as those in San Francisco, Spokane, and so forth. The business is pretty well diversified throughout the United States.

I suppose that company is the oldest company manufacturing reed and rattan furniture and, with its predecessor, has been in business over a hundred years. We celebrated our one hundredth anniversary a few years ago.

I will be very brief, Mr. Chairman, if I can have 10 or 15 minutes. I appreciate your courtesy in permitting us to be heard here. I will try not to refer to anything that has been introduced before the House Ways and Means Committee, except as it may be necessary to make a consecutive statement.

Our business has not been prosperous during the last two or three years. Last year our deficit on operations was several hundred thousand dollars; my recollection is that it was something over \$300,000.

The year previous, as I remember, we about broke even. We have an invested capital of around \$20,000,000, so you can see our business has not been prosperous in a financial way.

I do not claim that that is wholly due to the tariff; it is not wholly due to the tariff. The tariff, however, is one of the contributing factors.

We are doing everything we can with this company to bring it so it will operate with its old-time prosperity. We are trying to do everything we can to make that come about, and for the same reason, and in pursuit of the same purpose, we are here to try to remedy the situation with reference to the tariff on two or three lines which will contribute toward putting this company's prosperity back again, if we can do it.

I want to make it clear again, Mr. Chairman, that the tariff is not the whole trouble, but it is part of it, and as we are fighting the condition all along the line we are going after those items to try to see if we can remedy those.

There are two or three items in which we are interested, and I presume I am warranted in saying a word in support of a change made by the House committee, and to explain why they made it,

because I suppose it does not necessarily follow that you will always adopt the changes made by the House committee. I would like to refer to a change they made and state the reason for it.

Paragraph 407 of the existing law had in it a provision covering furniture made with frames, wholly or in part of wood, rattan, reed, bamboo, and so forth, 60 per cent ad valorem.

Senator COUZENS. What was it before the new bill was framed?

Mr. BARNES. That is the present law, and the percentage is left the same in the present bill.

I want to refer particularly to the words "made with frames." We manufacture what we call the Bar Harbor chair, an arm wicker chair. You have no doubt seen them on porches and piazzas.

Two or three years ago the importers began bringing in a chair from Belgium, which they said did not have a frame. We did not agree with them. I have a picture of one here, and I think you will see that they were not right. The collector of customs at New York said it had a frame, but they went to the Court of Customs Appeals, and they said the importer was right, and therefore they were not subject to 60 per cent duty, and that they came under the lower rate.

While the court may have been technically correct—and I never dispute what a court says—it seemed to us to be a clear perversion of the congressional intent, because I do not think Congress ever intended those words, "made with frames," to determine whether or not the duty should be imposed. Those words, I think, were used solely for the grammatical purpose of supporting the rest of the sentence, where it says, "made of frame," covered so and so. They convinced the court they were made without frames, and they got them in under a lower rate of duty.

The result of that was that our sales of Bar Harbor chairs—and I refer to them by that designation because that is the way we describe them—I will show you a picture of one of these imported ones to show you the type of it. While I am at it, there is a picture of the bottom of one of the imported chairs which the court said did not have a frame. We think it is a pretty poor frame, but that it is a frame, nevertheless.

As I say, the result was our sales of Bar Harbor chairs dropped from 200 per week to 10 or 20 per week. I testified before the House Ways and Means Committee that they dropped from 200 to 20 or 30 per week, but when I got back to Boston I was told by our operating people that that was too high. I speak of that because I do not want any inconsistency in my record—in my testimony before the two committees.

Those imported chairs, Mr. Chairman and gentlemen, come from Belgium and also from Poland, and under that decision they have been coming in in constantly increasing numbers.

The one of which I showed you a picture is a chair we purchased in New York City at \$2 per chair. Our Bar Harbor chair, of a similar type, of which I have also a picture, costs us \$5.08 to manufacture. I have here also an advertisement that appeared in the Boston Traveler on February 1, 1928, advertising imported Bar Harbor willow chairs at \$2.59 each, and I again refer to our manufacturing cost of \$5.08. So it is not perhaps surprising that that has practically put our Bar Harbor chairs out of business.

Senator THOMAS. Is that chair of sufficiently high quality to compete with your chair to the extent of putting your chair out of business?

Mr. BARNES. I do not think it is quite as good, but that differential in price is of very great advantage and they can sell them where we can not.

Senator THOMAS. You bought that \$2.59 chair at retail, did you?

Mr. BARNES. Yes, sir.

Senator THOMAS. You paid the retailer's price, which included his profit, plus transportation, plus the tariff, plus the original cost abroad?

Mr. BARNES. Yes, sir.

Senator THOMAS. Have you any data that shows the cost to the factory producing it?

Mr. BARNES. Abroad?

Senator THOMAS. Yes.

Mr. BARNES. No, sir, Senator, I have not. I have a memorandum by our people to the effect that they bought that chair in New York at \$2, including its delivery to this company's warehouse in New York City. That is one item.

And the House committee and the House itself, I think it is fair to say, recognizing that situation, struck out the words "made with frames wholly or in part of wood," and so forth, and substituted "wholly or in chief value of rattan," and so forth. What I suggest to you, Mr. Chairman and gentlemen, with due respect, is that that amendment should stay in the bill, receiving your approbation, because of the unfortunate result that would otherwise occur by reason of the court's decision.

Senator COUZENS. That would bring the rate up to 60 per cent?

Mr. BARNES. Yes, sir; that is as it has been supposed to be until that decision of the court which I referred to. The collector of the customs took that same view of it, and we all assumed that that was correct.

Senator THOMAS. What does your chair sell for to the consumer, on the average?

Mr. BARNES. I will ask Mr. Stout whether there is any selling expense that should be added to that \$5.08?

Mr. STOUT. Yes; from 35 to 40 per cent selling expense.

Senator THOMAS. Does that include transportation and the jobber's and retailer's profit?

Mr. BARNES. That includes that; yes.

Senator THOMAS. That would make the chair then cost seven or eight dollars to the consumers. Do you think that increasing the tariff would prevent foreigners from selling their product here and paying the tariff and then underselling you?

Mr. BARNES. The best answer I can give you to that is that up to the time of that decision of the court we had not had any trouble meeting that competition. We sold about 200 chairs a week at that time.

Senator COUZENS. What valuation did they use, the cost of foreign production, the American system, or the United States system?

Mr. BARNES. I think they were based on the invoice, the foreign valuation based on the invoice, I think.

Senator COUZENS. Do you approve of that system of valuation?

Mr. BARNES. That is quite a big question, Senator, but without any very accurate knowledge that would be helpful, I have always thought that a simpler system and one more easily susceptible of

administration would be an American valuation in some form. That is what we run into in that competition, the price that the thing sells for here. That is the practical thing we are up against. More than that, you take cases where the importers are not jobbers, as they are not in bent wood. They are the manufacturers of those abroad, and they own the plant and they bring the products in here. They are not jobbers, they are the producers. I do not accuse them of any bad faith at all, but it is not difficult at all to adjust the cost under a situation like that, and perhaps make the costs abroad more than they actually need to be. I mean they are running the whole business, from production to the consumer, and I should think it would be exceedingly difficult for our tariff experts to find the true costs. It is the American selling price that we run into competition with. That concludes all I care to say on that particular item.

I would like to say a few words now, Mr. Chairman, in reference to bent-wood chairs. These items are a few items of our general production. We produce other things, of course, but as I say they contribute to our losses and we would like to restore that situation if we could.

Senator COUZENS. Is the provision in the House bill satisfactory?

Mr. BARNES. We think there ought to be a greater tariff than they have reported.

Senator COUZENS. What did they report?

Mr. BARNES. They reported 55 per cent.

Senator COUZENS. What do you think it ought to be?

Mr. BARNES. We think it ought to be 70 or 75 per cent on the item of bent-wood chairs, and I would like to go over that situation briefly.

These chairs around this room are bent-wood chairs. They compose most of the chairs in this room. The principal countries that compete with us in the production of bent-wood chairs are Czechoslovakia, Austria, and Poland.

As I have said to you a moment ago, the importers are not jobbing importers as such; they are the producers of the chairs. They run their own plants in Czechoslovakia and Poland.

We had hearings before the Tariff Commission where we filed a petition under the flexible provisions of the existing law. I think that petition was filed five or six years ago, and the decision has not yet been rendered.

I think it is fair to say that while I do not know by any positive statement of the commission what is troubling them, I think one of their troubles has been in attempting to determine the foreign production costs in those factories in Czechoslovakia and Poland. But that production cost has not been determined.

In the hearing before the Tariff Commission Mr. Warner, of New York, who was president of the importing company, and as I recall also the president of the companies operating factories in Czechoslovakia and Poland and Austria—I am not sure about Poland; I know they are in Czechoslovakia and Austria; he is the head of those plants in those places, and he testified that their prevailing rate of wages there for unskilled labor was 45 cents per day, and the wages of ordinary labor was \$1.05 a day, and the wages of mechanics \$1.50 per day. Our comparable wages are \$3.90 at a minimum and \$4.40 as a maximum per day. That testimony of Mr. Warner may be found on page 405 of the record of the hearing before the Tariff Commission.

That is one of the things that enables the foreign manufacturer to bring his bent woods into this country on a basis of competition that is impossible for us to meet. That result is shown by the records of the Tariff Commission in Table 3 after the preliminary report with reference to the competition, that has been filed, showing that in 1922 the value of the bent woods imported was \$1,100; in 1924, \$161,000; in 1925, \$442,000; and in 1926, \$551,000.

In the same period of time our sales of bent woods ran, in 1924, \$86,000; in 1925, \$65,000; in 1926, \$73,000; in 1927, \$65,000; and in 1928, \$41,000. So they were constantly diminishing.

More than that, Mr. Warner, who testified in that hearing, admitted that his company was, so far as imports into this country were concerned, wholly out of business during the war. Of course, that is readily understood, that they could not make any importations then. So the entire business of those importers has been built up in this country since the war in competition with the domestic production, and to-day exceeds the volume of the domestic product. That is shown in Table 5 of the Tariff Commission's report, where they show that for 1924, which are the last figures available, the domestic production was \$338,815, on a value of \$1,000,000; imported, \$449,487, with a value of \$2,074,053. So since the war they have built up a business which exceeds the domestic production.

Senator COUZENS. When you say domestic production, is that of all factories in this country, or just your own?

Mr. BARNES. No; that is all of them. Those are the figures of the Tariff Commission of all production.

Just a word, Mr. Chairman, about comparative costs. We recently purchased an imported bent-wood chair, which had been manufactured in Hamburg by a company operating two factories—one in Czechoslovakia, and the other in Poland. The price of this chair is borne out by the letter of invoice at \$22 per dozen. If you allow the charges for packing and delivery, it would make it \$2.08½ per chair.

Then we took the imported chair and manufactured an exact duplicate of it to determine what our manufacturing cost would be, and the resulting cost of the domestic chair f. o. b. New York, was \$3.16. That shows the differential in costs of bent woods. I would like, with your consent, if I may, Mr. Chairman, to file a statement showing the figures.

Senator COUZENS. That may be done.

Mr. BARNES. The importers dominate the market on bent-wood chairs. I do not think I can offer any better evidence to you of that fact than to say that the chairs in your own room are these bent-wood chairs. If you will turn them over you will find it stated there that they are made by two concerns, both of which are operating in Czechoslovakia and they import these chairs into this country.

Since we started the hearings before the Tariff Commission, I have been curious to examine all the samples of bent-wood chairs I have found in the city of Washington. I did not go around and examine every one of them, but I found all the chairs in your Senate restaurant are imported chairs; I find the same is true of the House restaurant, and I find that the bent-wood chairs I notice around this building are imported bent-wood chairs, and I find that the same is true in the Department of Commerce Building. Those chairs were compara-

tively new. I find the same thing is true of the bent-wood chairs in the Mayflower Hotel and in some other hotels. In fact, during the five or six years we have been considering this question and coming down before the Tariff Commission or before committees of Congress, the only domestic bent-wood chairs I have been able to find in the city of Washington are in the Tariff Commission at the hearings there. I have been unable to find any others in this city. I do not think there is any more potent argument than that necessary. I suppose the United States Government, or the purchasing agent of the Government, buys those chairs for the same reason that the general public buys them, because they can buy them cheaper.

But every one of those chairs so purchased deprive an American working man of between a dollar and \$1.17 in wages. The direct labor cost in the factory is about 45 or 50 cents per chair. So the laboring men in this country are deprived of that much for every one of those chairs purchased abroad. I think that supports the statement that the importers have absolutely dominated the American market.

Just one more word with reference to this matter, Mr. Chairman, and I am about through. The Tariff Commission, in their summary of information on Schedule 4, say this. They speak of six concerns producing bent-wood chairs, 2 in Massachusetts, 2 in Illinois, and 1 each in Wisconsin and North Carolina. They say that for three of the concerns bent-wood chairs constituted the bulk of production, and that for the remaining three the output of bent-wood chairs constituted but a small percentage of their business, although the output of bent-wood chairs of one of the three formed a relatively large proportion of the total domestic production. They also say that two other domestic establishments had engaged in the manufacture of bent-wood chairs but discontinued their production by 1924.

I have here a letter signed by the Herald Chair Co., in Chicago, in which they say they have been obliged to give up the manufacture of bent-wood chairs and go out of business because of the foreign competition. I do not know the other one which the Tariff Commission referred to.

Senator COUZENS. Have you any views concerning the importation of raw material for your manufacturing purposes?

Mr. BARNES. We do import, I am told, Senator, quite a proportion of our birch and maple from Canada, and, of course, a tariff, if one is imposed on birch and maple, will handicap us that much more. In fact, if that tariff stood and the present loss stood, we would be rapidly put out of business in that line.

That leads me to say, Senator, we can not long continue in this line. While it is not a large part of our business it is a substantial part, and it is constantly diminishing. It will not pay us to long continue it. It does not pay us now, and we have continued it in the thought that either from the Tariff Commission or here we could get that put on the basis where we could meet competition.

Senator COUZENS. What is the major part of your business?

Mr. BARNES. I can tell you what the various lines are. I could not tell you what is the greatest in dollars and cents. We make car seats based on reed and rattan, and cocoa mats and matting, bent-wood chairs and baby carriages. We are manufacturers of baby carriages.

Senator WALSH. How many people do you employ?

Mr BARNES. About 5,000.

Senator WALSH. Have you any plants other than the two I know of in Gardner and Wakefield?

Mr. BARNES. Yes, sir; we have one at Portland, one at San Francisco and at Baltimore, and so forth. We have a large plant in Chicago.

Senator THOMAS. You stated that these bent-wood chairs you found around Washington, with the exception of those in the Tariff Commission, were made abroad and that they had deprived a lot of American laborers of the pleasure of making these chairs. Is that the only effect this system has had? In other words, are the laboring people the only ones interested in seeing that these chairs are made here?

Mr. BARNES. No, sir; I would not like to give you that impression. It has deprived us of any return in that line of production.

Senator THOMAS. That is only one evidence of the fact that if these chairs had been purchased from American factories it would have helped the factories somewhat; is that not true?

Mr. BARNES. Yes; but it would at the same time have helped us to keep that line of production going.

Senator THOMAS. Then this argument that all this high tariff is for the benefit of the laboring man is not correct; it is not wholly for the benefit of labor?

Mr. BARNES. I do not mean to give that impression.

Senator THOMAS. You did not say that.

Mr. BARNES. I want to be perfectly fair. We want some return on the investment we have made.

Senator THOMAS. You are not in favor of such a tariff schedule that would prevent importations, are you?

Mr. BARNES. No, sir; but what I would like is to put that imported chair as it comes into New York on a basis of equality with ours, and then start in the race fair and square at the scratch, and if we can not then maintain our competition we ought to give it up.

Senator THOMAS. That is an endless proposition; and I make that statement for this reason. We are proposing to raise the tariff on agricultural products, and, if possible, to make the tariff effective on agricultural products. If that is done, to the extent that it is done, food products will be higher, meat will be higher, and sugar will be higher, and butter and milk and bread will be higher.

When that time comes labor, having to pay more for the things which it has to buy to live, including furniture and clothing, would be justified in going to you people and saying, "We can not live with the wages we are receiving," and, as has always happened, and probably always will, they will get a higher wage, which forces you to come to Congress and ask for still more tariff. As I say, it is an endless chain, and where is the end, where is it leading to?

Mr. BARNES. Senator, practically, the situation is a little different from that. The practical situation we are confronted with is the discharge of men who are citizens of Gardner and Wakefield because there is no employment for them in this line of work. Those are men usually skilled in that line.

I have not said anything about Chinese furniture importations which are seriously curtailing our reed and rattan business. Those are men who have taken years and years to learn that business.

It is a pretty tough thing to say to those men that you have nothing further for them.

Senator THOMAS. What happens to those skilled workmen who have devoted the major part of their lives to the manufacture of a particular article, if they are compelled to give up that employment? What do they do?

Mr. BARNES. I do not know. I suppose they try to get employment somewhere else, as best they can. I doubt if they can get it in their line, because when that happens the whole industry is pretty much depressed.

Senator WALSH. Have you put in the record a statement showing the importations of these chairs?

Mr. BARNES. Yes; I have shown how they are increasing. It ran from something like \$1,000 in value in 1923, up to \$551,000 in 1926.

Senator WALSH. Coming from Czechoslovakia, principally?

Mr. BARNES. Yes, sir; that is the principal competing country.

I thank you for your courtesy, Mr. Chairman and gentlemen.

(Mr. Barnes submitted the following brief:)

BRIEF OF THE HEYWOOD-WAKEFIELD Co.

The SENATE FINANCE COMMITTEE:

This brief is submitted by the Heywood-Wakefield Co., a manufacturer of reed and rattan products, cane and wood furniture, whose executive offices are located at 209 Washington Street, Boston, Mass.

The purpose of the brief is to present the necessity for additional duty upon certain items specified in paragraph 410 and in paragraph 413 of H. R. 2667.

The Heywood-Wakefield Co. is probably the oldest manufacturer in the United States of reed and rattan products.

This company and its predecessor partnerships prior to incorporation have been carrying on this business for over 100 years.

It has manufacturing establishments in the city of Gardner and in the towns of Wakefield and Erving, Mass.; at Chicago, Ill.; Menominee, Mich.; and Portland, Oreg. It has warehouses at Baltimore, Md.; at Boston, Mass.; at Buffalo, N. Y.; Chicago, Ill.; Los Angeles and San Francisco, Calif.; New York City; Philadelphia, Pa.; and Portland, Oreg.

It appears, therefore, that its business is conducted in both the eastern, central, and western portions of the United States.

It has approximately 5,000 employees upon its pay roll engaged in the production of various kinds of chairs and seating, baby carriages, furniture, and kindred products.

EFFECT OF THE WORDS "MADE WITH FRAMES WHOLLY OR IN PART OF WOOD," ETC., CONTAINED IN THE EXISTING LAW (ACT OF 1922)

H. R. 2667 as passed by the House eliminates from paragraph 407 of the act of 1922 the words "made with frames wholly or in part" of "wood", etc. We ask that your honorable committee retain this amendment to the existing law as provided in H. R. 2667 for the following reasons:

The use of the words "made with frames" in paragraph 407 of the act of 1922 resulted in a decision by the Customs Court, sustained by the United States Court of Customs Appeals (the United States, appellant, v. Basket Importing Co. et al., appellee, United States Court of Customs Appeals, No. 2882), the effect of which is to admit a considerable volume of willow furniture made principally in Belgium and Poland, under the 33½ per cent duty established by paragraph 410 of the act of 1922, instead of under the 60 per cent duty provided in paragraph 407 of that act.

The essence of the decision above referred to is to the effect that these particular chairs are not constructed upon a frame and are therefore not dutiable under paragraph 407 of the 1922 act.

Exhibit A is a photograph of a willow chair manufactured in Poland and recently purchased by this company at its warehouse in New York City at \$2 per chair, including delivery to this company's warehouse in New York.

Exhibit B is a Heywood-Wakefield Co. reed chair, known as the "Bar Harbor" type. This is a photograph of the chair produced by this company, the sale of which has been practically eliminated by the importation of the reed willow chairs from Belgium and Poland.

The manufacturing cost of Exhibit B is \$5.08 per chair without any addition for selling and warehouse expenses or profit.

An advertisement from the Boston Traveler of February 2, 1928, marked "Exhibit H," advertises "Bar Harbor imported willow chairs" for \$2.59 each.

An advertisement from the Boston Globe of January 16, 1928, marked "Exhibit I," advertises a Bar Harbor chair imported from Belgium with cretonne cushion for \$5.95, a case where the price has been fixed at an amount just sufficiently below the price of the domestic article to insure the effective competition of the imported chair and yet harvest the maximum of profit above the cost of the imported article.

It is submitted that it was never the intention of Congress to permit willow furniture to escape the duty manifestly intended to apply to it under paragraph 407 and come in under the much lower rate of paragraph 410 of the 1922 act.

The wording of paragraph 407 of the act of 1922 is convincing evidence that it was intended to cover "all rattan, reed, grass, osier or willow, or fiber" furniture. The words "made with frames" were used only for the grammatical purpose of permitting the following clause describing the material of which the frames were made and describing the material with which the frames were covered.

It is submitted that Congress never intended by these words to distinguish between a chair made with a frame and one made without. Prior to the decision of the Customs Court no one had supposed that any chairs of this type were made without a frame. It is clear, therefore, that these words never were intended to classify chairs according to whether they were constructed with or without a frame. The collector of customs at the city of New York evidently held the same opinion because he classified the chairs in question as subject to the 60 per cent duty imposed by paragraph 407 and required the payment of duty at that rate on all imports of this character until the decision of the Customs Court in the case referred to.

It is evident, however, that the importers have taken advantage of these words and have brought in chairs so constructed that they were able to convince the court that such chairs did not have a frame within the meaning of this clause of paragraph 407 with the result that the decision of the collector has been reversed. The chairs are admitted under a duty of only 33½ per cent under paragraph 410 and have practically driven the American product from the field.

The Heywood-Wakefield Co. formerly manufactured and sold approximately 200 of these chairs a week. Its sales have now diminished to from 10 to 20 per week.

See also testimony of C. A. Schober, of Philadelphia, Pa., page 2042 of the record of the hearings before the Committee on Ways and Means of the House, to the effect that the sales of the chair manufactured by his company which meets this foreign competition, has decreased more than 60 per cent since 1925.

We are informed that the same situation has resulted in the sales of this type of chair by the Ypsilanti Reed Furniture Co. of Ionia, Mich., and other domestic manufacturers.

H. R. 2667, in paragraph 410, remedies this situation and brings the law back to the purpose manifestly intended by striking out the words "made with frames wholly or in part" of "wood" and inserting in place of these words, the words "wholly or in chief value of," so that the imposition of the duty is not made to turn upon the question of whether the furniture is "made with frames." The House bill determines the imposition of the duty upon the material from which the article is "wholly or in chief value" made and not upon the question of whether it has or has not a frame. This seems to us manifestly correct and should be retained in any bill reported by your honorable committee.

BENT-WOOD CHAIRS

Bent-wood chairs so-called (illustrated in Exhibit F) are at present admitted under paragraph 410 of Schedule 4 of the act of 1922, subject to a duty of 33½ per cent ad valorem.

The principal competing foreign countries manufacturing this type of product are: Czechoslovakia, Poland, and Hungary. Some of the principal importers are as follows: Thonet Wannier (Inc.), New York; Jacob & Josef Kohn & Munders (Inc.), New York; American Import Co., San Francisco.

Thousands of dozens of bent-wood chairs are being imported for resale in this country in competition with American manufacturers; and, in most cases, their selling prices are below the costs of the American manufactured bent woods.

The present rate of duty on bent-wood chairs has resulted in the increase of imported chairs for resale in this country and the rapid decline in the sale of bent woods by domestic manufacturers. The domestic manufacturers have been forced to sell below their costs to compete with this foreign competition; and it is obvious that unless some relief is given within a short time, the sale of bent woods in this country will be entirely of the imported chairs. To the domestic manufacturers this means a loss of capital invested in plants and machinery, and to the American laborer a loss of employment.

On August 14, 1923, we applied to the United States Tariff Commission for an increase of duty under section 315 upon the importation of foreign bent woods, being Docket No. 42, United States Tariff Commission, and at various other dates in the same year other manufacturers made similar applications to the Tariff Commission. Hearings were held on these applications June 6, 7, and 8, in 1927. For six years, therefore, this case has been pending before the Tariff Commission without decision or relief. This delay is largely due to the adroitness with which the importers obscured and befogged the issue before the commission. During these six years the importers have strengthened their control and domination of this industry. This company has continued production of the line only in the hope that relief would be granted either by the commission or by Congress, and unless such relief is granted, we must surrender to the destructive competition from abroad. This has already occurred with some of the other domestic manufacturers. See copy of letter of Herhold Chair Co. to the Tariff Commission of date, April 24, 1929, attached hereto.

The attention of this honorable committee is called to exhibit marked "Table 17," attached hereto, which represents the findings of the Tariff Commission contained in their preliminary statement of June 6, 1927, and which shows the comparison of costs of domestic and Czechoslovakian chairs, in the State of New York. This table shows the differential in favor of the foreign chair. The records of the hearing before the commission are of course available for your committee if you desire to examine them. We do not therefore extensively refer to them, but certain facts there produced stand out so prominently and seem so conclusively to require an increase in the duty on this class of product that we invite your attention to the following:

The principal importer of this type of chair is Thonet Bros. (Inc.), of New York City. E. P. Wanner is, or was, at the time of the hearing the president of this company. Testifying before the Tariff Commission, record, page 405, he stated that wages of unskilled labor in Czechoslovakia were \$0.45 per day and that portions of the work of producing bentwood chairs are performed in the homes of the employees; that wages of ordinary labor are \$1.05 per day, and mechanics \$1.50 per day. Our wages on this class of work are \$3.90 minimum and \$4.40 maximum per day.

The same witness, referring to imports received at their warehouse in New York City, stated as follows: "We might receive a dozen chairs that cost us \$8 and we would receive other chairs four or five days afterwards and they would cost \$16, so we usually made up a list and afterwards made an average price." It should be noted that such an average would be \$12 per dozen.

Our costs per dozen for one of these types of chairs as hereinafter set forth is \$37.92, being for chairs completed and set up. Deducting \$3 per dozen for the cost of setting up the knocked-down chair, the resulting cost of our chairs of this type in the same condition as those received by the importer would be \$34.92 per dozen.

The same witness, Wanner, admitted that his company did no importing during the war. It follows, therefore, that within 10 years these importers, under the present tariff have been enabled to build up a business greater than that of the American industry and constantly increasing. This fact alone is conclusive proof of the necessity of additional protection.

The United States Tariff Commission in Table 3 of their preliminary report shows the increasing imports of chairs from Czechoslovakia as follows:

1923 value.....	\$1, 909
1924 value.....	161, 534
1925 value.....	442, 023
1926 value.....	551, 730

Sales, by number of pieces, of bent-wood chairs by the Heywood-Wakefield Co. since 1924 are as follows:

1924.....	86, 002
1925.....	65, 754
1926.....	73, 801
1927.....	65, 183
1928.....	41, 955

These figures show that this company is feeling the competition of the imported bent-wood chairs more keenly at this time than at any other period for the past four years.

This company recently purchased an imported bent-wood chair (see Exhibit F) from Vincent-Ruiz, importer, New York City, which chair is manufactured by Gebruder Brenner, Hamburg, Germany, operating two factories, one located in Czechoslovakia and the other in Poland. The price of this chair, as borne out by letter and invoice, is \$22 per dozen f. o. b. New York City, partially assembled. Allowing \$0.25 for setting up complete, refinishing, and packing, the importer's cost of the completed article f. o. b. New York would be \$2.03½ per chair. This company then took the imported chair and manufactured an exact duplicate thereof set up and complete to enable it to determine with absolute accuracy this company's cost of a similar chair. The resulting cost of the domestic article f. o. b. New York was \$3.16 each. Photographs of the imported chair and the Heywood-Wakefield Co.'s similar product are marked "Exhibit F."

The same procedure was followed in the purchase of an imported bent-wood chair through Wanamaker's, of New York City, sold to Wanamaker's by the importers Jacob & Josef Kohn and Munders (Inc.), Exhibit G.

This company applied these tests to manufacturing cost because the question involved in the discussions of this matter that have taken place before the Tariff Commission and before this honorable committee have been successfully turned by the importers and diverted to a consideration of various types of bent-wood chairs, weighted averages, etc., as well also as a claim of increased expense in setting up the imported chairs due to warping or chipping of the parts in transit.

Certain unalterable facts appear in this matter, to which the attention of the committee is invited. These are facts and circumstances that stand out so prominently and significantly that their potency is undiminished by a reference to weighted averages and technical discussions of cost, and their visibility is so clear that they rise above the obscurity with which it is hoped that they may be rendered invisible.

One of these facts and circumstances is the illustration (Exhibits G and F above referred to). There is an actual purchase of an imported chair, made by this company, in the city of New York. There is an actual manufacture of a chair to duplicate it and the domestic producer's cost without any selling expense added thereto.

SECONDLY, THE IMPORTERS HAVE SECURED DOMINATION OF THE AMERICAN MARKET

The chairs in the House restaurant contain a label showing that they were manufactured in Czechoslovakia. The chairs in the Senate restaurant contain the same label. Bent-wood chairs of recent purchase and installed in the Department of Commerce Building are also marked of foreign manufacture. Fully two-thirds of the chairs in the hearing room occupied by your honorable committee (room 412, Senate Office Building) and also the chairs in the room temporarily occupied by your honorable committee at the time of the hearing upon this item on Monday, June 17, are of foreign manufacture. The labels on the seats of the bent-wood chairs in the corridors of the National Capitol show them to be of foreign manufacture.

We are not complaining because the Government purchases these chairs; we presume the purchasing agency of the United States buys these chairs for the same reason the public buys them, namely, because the importers can sell them cheaper than the domestic product. It is that situation that we are asking you to redress.

This company's labor cost upon the type of bent-wood chair shown in Exhibit F is \$1.17 each. It is fair to assert, therefore, that upon every one of these chairs in use by the United States Government an American workman has been deprived of at least \$1.17 in wages and the company deprived of any return upon its capital invested in this line of production.

If further evidence is desired of the domination of this market by the importer, it is suggested that an examination of the underside of the seat of the bent-wood

chairs in most of the hotels in the city of Washington will show by the label there attached to be of foreign manufacture.

These are silent but yet eloquent witnesses to the inadequacy of the protection afforded by the present tariff law and the impotency of that law to prevent this foreign invasion of the interests of American capital and American labor.

More than that, the following table taken from the Preliminary Report of the Tariff Commission shows that imported bent-wood chairs exceed the sales of domestic chairs by nearly 100 per cent, this being for the year 1924 or two years after the new tariff act of 1922:

TABLE 5.—*Bent-wood chairs: Approximate sales of importers and domestic producers in the United States, 1924*

Origin	Number	Value
Domestic.....	333, 815	\$1, 060, 910
Imported.....	499, 487	2, 074, 053
Total.....	833, 302	3, 134, 963

It is difficult to reconcile these figures taken from the report of the Tariff Commission with the statement of the importers to the effect that importations of bent-wood chairs amount to only one-half of 1 per cent of domestic production. It is suggested that this must refer to the domestic production of furniture of every kind and character. If this is what the assertion means, then of course it has absolutely no bearing whatever upon the necessity of additional protection for the manufacturers of bent-wood chairs. The bent-wood chairs are a distinct and special product having their own peculiar characteristics and sales appeal. It would be as reasonable to suggest that the importations of bent-wood chairs were only one-tenth of 1 per cent of the importations of cotton or wool. The two things have no relation to each other and the suggestion is, of course, injected into the discussion in the attempt to minimize the damage to American industry caused by the imported bent-wood products and their domination of the American market in bent woods.

Also, see report of Assistant Trade Commissioner K. L. Rankin at Prague dated March 24, 1928, copy of which is hereto attached.

Counsel for the importers stated at the hearing on June 17, that his clients made a profit of only \$38,000 last year. It is our understanding that this statement refers to their profits realized in this country from the importation and sale of bent-wood chairs. Nothing was said about their profits in their manufacturing plants in Czechoslovakia. It should be remembered that these importers are not jobbing importers.

Thonet and Jacob & Josef Kohn & Munders own and operate their own plants in Czechoslovakia for the production of the lines imported into the United States.

Counsel for the importers is correct in saying that no examination has ever been made by the Tariff Commission of the operating costs of these manufacturing plants.

Under these circumstances, the statement of the amount of profit made in this country is not convincing, as it is wholly in the power of the importers, through intercompany accounting with their Czechoslovakian plants to diminish the profit in this country and increase the profit derived from the production of the chairs in Czechoslovakia, and consequently diminish the taxable income in this country.

The importers have also attempted to make it appear to your honorable committee that their operating expense in the United States is substantially greater than that of the domestic manufacturers in comparable operations. This is another subject that the importers have attempted to befog to such an extent that the real facts may be obscured.

It seems desirable that we should explain briefly the method of operation of the importers as compared with our own.

The manufacturing plants of the importers in Czechoslovakia produce all the parts of a bent-wood chair. These parts are finished in every respect, even to their varnishing or lacquering. The parts are bored for screw holes wherever the same are necessary. The seats are fully constructed of wood or cane. All that is necessary to be done in this country is for the workman to put these parts together with suitable screws or bolts and in certain types, insert small angle-

iron braces under the seat. It should be remembered that these parts are fully finished. "Finished" in the terms of the trade means painted or lacquered.

The assembling of these parts is done by the importers in their New York warehouse.

Now compare the method of operation of this company as an illustration of the similarity of the domestic operation.

This company has its warehouse at 516 West Thirty-fourth Street, New York City. Its manufacturing plant producing bent-wood chairs is located in Gardner, Mass. These chairs are shipped from Gardner to New York in parts because as was stated at the hearing, it is impracticable to ship the completed chair, it occupying so much unnecessary space in shipment. The parts are therefore shipped from Gardner to our warehouse in New York and are shipped "in white." This means without paint or lacquer. These parts are then assembled in our New York warehouse by substantially the same methods as are the chairs of the importers. The parts of our bent woods are put together with screws or bolts and the chair is then finished by painting or lacquering.

Now, there should be no difference in the expense of the importers in the assembling of their chairs than there is in the assembling of the domestic chair; in fact their costs of assembling should be less as their parts are finished when they arrive in New York.

They suggest that they encounter a considerable expense by reason of the warping and twisting of these parts in transit across the ocean. It is our belief that they do not encounter any more expense by reason of this fact than this company does in the transportation of the chair parts in the white because where these parts are not painted or lacquered, they will split and get out of form much more readily than the parts that are finished.

It should be noted that both the operations of the importers and our own are carried on in New York City in identically the same labor market and under substantially the same conditions.

We are not, therefore, inclined to accept as wholly consistent with the facts the assertion by the importers of greater costs involved in the operations in this country in the assembling of bent-wood chairs than the costs of the domestic manufacturer in similar operations.

By far the largest quantity of importations arrive at the port of New York and in parts, as previously stated. Our chairs are similarly laid down in the city of New York. It is suggested that it is at this point that the differential against the American manufacturer should be equalized by a protective tariff and that a tariff of at least 70 per cent is necessary to accomplish this result.

On page 959 of the Summary of Tariff Information, 1929, compiled by the United States Tariff Commission, the commission makes the following statement:

"A preliminary statement of information was made public in mimeographed form prior to the public hearing. The average cost shown therein for the domestic chairs, knocked down, was \$2.168 each. The average invoice price of imported chairs, knocked down, plus a prorated share of the importers' administrative expense, was \$1.30."

It will be observed, therefore, that a tariff of 70 per cent, as hereinbefore suggested, applied to the cost of the imported chair will practically equalize the differential against the domestic chair.

We respectfully suggest that it is at this point that the importer should be placed under a sufficient tariff handicap so that in the race of competition the importer and the domestic producer may start even. This company asks for no prohibitive tariff, it asks only that it may start on an even basis with the importer with its product and not with a differential of nearly 70 per cent against the domestic product in the same city and in the same degree of manufacture. If, starting even, we are unable to meet the competition of the importer, then we will make no complaint that our failure is in any way due to a lack of a tariff sufficiently protective.

The importers also are following before your honorable committee exactly the same tactics that were employed before the Tariff Commission, namely, confusing the issue by a contention that there is no descriptive definition of a bent-wood chair that will permit a tariff to be imposed upon bent-wood chairs in general.

If the terms remain as stated in H. R. 2667, there appears to be no difficulty in the proper determination of the types of chairs to which the proposed duty will apply.

Bent-wood chairs are well known in the trade throughout the United States, as a chair whose entire frame is made of bended wood, is finished in its natural state with varnish or lacquer and is not covered with any other material.

The Tariff Commission in its preliminary statement of information defines a bent-wood chair to be "A bent-wood chair may be defined as a chair in which each of the principal sections of the frame is bent to its ultimate form from a single piece of wood, instead of being fabricated from several pieces cut and fitted together," and the commission further amplifies this definition by a description of various types of chairs.

It is suggested that the Customs Court will have no more difficulty, nor as much, in determining the type of chair answering the description "bent wood" than would be encountered in thousands of items of a similar character stated in the tariff law.

It is further suggested by the importers that if a tariff is imposed upon bent woods generally, some of their higher grade lines can not then be imported and sold at a profit. Is this to be accepted as a reason for the domestic manufacturer to continue his production and sale of bent woods at a loss? To state it another way, because the importer may find that some one particular line can not be profitably imported, then the entire line of the American manufacturer is to be placed at the mercy of the importer, with the result that the importer makes a profit not only on the one line that he is using as an argument to bring about this result, but on his entire importation and the American manufacturer goes out of business.

We are attaching hereto a copy of this company's brief that was filed with the Tariff Commission, which brief is incorporated by reference herein, which we believe states a case that is entitled to relief.

The House, in recognition of the facts above set forth, has inserted in paragraph 413 of H. R. 2667 the following specific provision: "Bent-wood furniture, wholly or partly finished, 55 per centum ad valorem," thus increasing the duty upon bent-wood chairs from 33 $\frac{1}{4}$ per cent under the existing law to 55 per cent.

We trust that the facts and evidence above submitted demonstrate that a duty of at least 70 per cent upon bent-wood chairs is necessary in order to permit the domestic manufacturers to continue production of this character.

A duty of 70 per cent will not measure the differential against American industry producing bent-wood chairs, but it would substantially decrease the handicap under which the American manufacturer now enters the race of competition with the imported product, a race which must result in the complete elimination of the domestic manufacturer from this field unless additional relief is granted.

CHINESE FURNITURE ADMITTED UNDER PARAGRAPH 407 OF THE ACT OF 1922 AT 60 PER CENT AD VALOREM

It is respectfully submitted that the duty now established by paragraph 407 of the act of 1922 does not afford sufficient protection against furniture constructed of some of the materials specified in paragraph 407 and imported into the United States from China and that the present duty is not sufficient to equalize the differential between the Chinese and domestic costs.

In support of this proposition, we beg to submit the following facts:

Sea-grass furniture is manufactured principally in China, and is made of dried sea grass, twisted. It is imported into this country in large quantities, and sold at prices considerably below the cost of American reed furniture.

Some of the foreign manufacturers and importers who are producing and bringing into the United States the merchandise shown in the exhibits hereinafter referred to, are as follows:

China Products Exporters Co., Hong Kong, China.

Calif.-Asia Importers, Los Angeles, Calif.

M. A. Katz & Co., San Francisco, Calif.

Mentzer Read Co., Grand Rapids, Mich.

Exhibits (photographs) are attached illustrating the articles of both domestic and foreign manufacture and sheets of comparative costs of rattan, reed, willow, and sea-grass furniture are attached, showing that the domestic costs of production are considerably greater than the price of the same furniture imported from foreign countries.

The exhibits, their prices and costs, appear to us to conclusively prove our case for an increase in the duty upon furniture of this character.

EXHIBIT C, PHOTOGRAPH 803

Reed chair manufactured in Hong Kong:	Each
C. I. F. Boston.....	\$4. 50
Including duty, 60 per cent.....	7. 20
American cost.....	14. 60

EXHIBIT D, PHOTOGRAPH 169

Sea grass chair manufactured in Hong Kong:	Each
C. I. F. Boston.....	\$3. 90
Including duty, 60 per cent.....	6. 24
American cost.....	14. 60

This chair can be compared with the American costs of the sample reed chair manufactured in Hong Kong, as shown in Exhibit C, photograph 803.

EXHIBIT E, PHOTOGRAPH 801

Stick reed chair manufactured in Hong Kong:	Each
C. I. F. Boston.....	\$6. 00
Including duty, 60 per cent.....	9. 60
American cost.....	11. 56

Sample of American manufactured chair, photograph 801, can be submitted if desired.

See also copy of letter from the China Products Exporters Co. under date of November 11, 1928, hereto attached, in which are quoted prices on reed, rattan, and sea grass furniture. Photographs of their various lines are shown in their catalogue. Their prices are compared with American costs in Exhibits C, D, and E.

The importation of Chinese furniture of this character is increasing. We know that this company is experiencing increased competition from this source and in further substantiation of this fact, we invite your attention to the following excerpt from the letter from the China Products Exporters Co. of November 11, as follows:

"On the other hand, we can supply you cheap furniture at very favorable prices. Thousands and thousands of these cheap furnitures are shipped to your side by other exporters here. Please be advised that these cheap furnitures possess the same attractive appearance as the other good priced furnitures, and the difference is that they will not last so long as the canes used for the frames are light and thin, and that the grasses or reeds are not of a bright uniform color. For these cheap furnitures, you may order the the catalogue sent you, and the prices will be 20 cents per piece cheaper."

An advertisement from the Boston Globe of date October 1, 1928, by one of the largest retail furniture dealers in Massachusetts shows an entire room furnished with Chinese furniture. The advertisement (marked "Exhibit J") states that the imported furniture is being offered at "such surprisingly moderate prices" because of "low labor cost and buying in quantities."

We also invite you attention to catalogues of the Calif-Asia Co. (Inc.) whose factory is at Hong Kong and whose American place of business is Los Angeles, Calif., in which catalogue appears various illustrations of pertinent interest.

First, the catalogue shows the competitive character of the furniture imported, it being identical in design with most of the American lines.

Secondly, on page near the end of the catalogue, which page is marked "X," is an illustration of some of the labor used in Hong Kong in the making of these products. Your attention is particularly called to the picture of a woman worker with an infant in her arms; also that of a young boy engaged in making a frame.

Note also in the circular of the Calif-Asia Co., the following:

"We have been manufacturing and dealing exclusively in this type of furniture for the past six years and our line is handled by many of the best stores throughout the country."

Apparently, therefore, under existing tariff rates, this company has been able to build up a considerable business in six years in competition with American production.

We prohibit the Chinese from entering this country in large part because they are enabled through their low-cost methods of living to furnish destructive competition with American labor; yet it appears to us that it is even more preju-

dicial to American labor to permit the products of Chinese labor to be imported into this country upon a basis that permits these products to supplant the merchandise produced by American employees. The same result is reached as though the Chinese were in this country and on a basis more favorable to them because if the Chinaman was here we would at least get something from him in taxes and it would presumably cost him something more to live here than it does in China.

CONCLUSION

It appears beyond question that since the World War the low-priced labor of foreign countries employed in the manufacture of furniture has permitted the importers in the United States to establish a very large volume of lines of furniture that are competitive with American production, which importations are marketed upon prices that are giving to the foreign production a constantly increased distribution in this country and that there is a differential in labor cost of anywhere from three to four hundred per cent. It becomes impossible for the American manufacturer to overcome this handicap with merely a 33½ per cent duty (under par. 410 of the act of 1922) and a 60 per cent duty (under par. 407) upon the classifications established in these paragraphs.

The resulting differential against American capital and American labor is too great to be overcome by any new methods of production or selling.

The present tariff in its effect upon these American manufacturers has ceased to be a protective tariff. As to these items it has become a tariff for governmental revenue only.

Now if it be the purpose of Congress to protect American labor and capital from the invasion of foreign products produced by low-priced labor to the end that American capital may maintain the present wage scale of its employees, then it is respectfully but frankly submitted that it is the plain duty of Congress to put such principle into practical operation or in lieu thereof, candidly admit that it is not the purpose of Congress to furnish protection to American labor and capital in regard to the items mentioned and that these manufacturers and their employees are to be left to continue their hopeless contest with these importations until their business, common sense, or insolvency requires abandonment of further effort for the protection of their capital and labor.

We believe that the great majority of the American consumers of our products would be entirely satisfied to see this company's investment and its employees protected to such extent as would permit it to continue the production of these lines of merchandise.

We do not believe that any one except the importers and their representatives will appear before your committee to indicate any desire on the part of the American people to have these American producers of furniture surrender to the advancing forces of foreign production and abandon the field entirely to their activities.

Respectfully submitted,

HEYWOOD-WAKEFIELD Co.

TABLE 17.—Bent-wood chairs: Comparison of weighted average costs of domestic and Czechoslovak chairs knocked-down, finished, plus transportation and other charges to New York, by groups, 1924

[Manufacturing cost of domestic chairs, knocked-down, finished, plus transportation to New York, compared with invoice prices of Czechoslovak chairs, and costs of Czechoslovak chairs delivered to the importers' warehouses in New York, with and without importers' interest and administrative expense (per chair)]

	A, cane		A, veneer		AA, cane		AA, veneer		B, cane: B, veneer; BB, cane; BB, veneer		C, cane: CC, veneer; F, cane; F, veneer; H, cane; H, veneer		Weighted average	
	United States	Czechoslovakia	United States	Czechoslovakia	United States	Czechoslovakia	United States	Czechoslovakia	United States	Czechoslovakia	United States	Czechoslovakia	United States	Czechoslovakia
Quantity produced, United States.....	41,678		125,097		1,409		24,318		23,307		3,792		219,601	
Quantity imported.....		11,568		60,234		8,322		32,270		98,808		11,529		222,731
Manufacturing cost:														
United States cost f. o. b. factory ¹ Czechoslovak invoice price f. o. b. foreign factory (adjusted).....	\$2.546	² \$1.096	\$2.108	² \$1.044	\$2.106	\$1.020	\$1.763	\$0.953	\$2.149	² \$1.072	\$2.640	\$1.499	\$2.168	² \$1.070
Transportation and other charges to New York:														
Freight ³.....	.041	.145	.041	.150	.041	.137	.041	.143	.041	.165	.041	.161	.041	.156
Other charges ⁴.....		.050		.051		.047		.047		.062		.079		.056
Cost delivered to New York (importers' interest and administrative expense not included in costs of Czechoslovak chairs).....	2.587	1.291	2.149	1.245	2.147	1.204	1.804	1.143	2.190	1.299	2.681	1.739	2.209	1.282
Importers' interest and administrative expense.....		.252		.226		.225		.213		.228		.292		.230
Cost delivered to New York (importers' interest and administrative expense included in costs of Czechoslovak chairs).....	2.587	1.543	2.149	1.471	2.147	1.429	1.804	1.356	2.190	1.527	2.681	2.031	2.209	1.512

¹ Includes interest and administrative expense.

² Invoice price adjusted by addition of from \$0.009 to \$0.028 to cover finishing of chairs imported in the white.

³ Freight on Czechoslovak chairs includes inland freight and handling charges in Europe plus ocean freight to New York. Freight on domestic chairs is the simple average of the transportation charges for carload shipments from the five domestic factories to New York.

⁴ Other charges include European office expense, marine insurance, drayage in New York, brokerage, and other minor items.

CZECHOSLOVAK BENT-WOOD INDUSTRY IMPROVES

(Assistant Trade Commissioner K. L. Rankin, Prague, March 24, 1928)

The Czechoslovak bent-wood furniture industry enjoyed a fairly satisfactory year in 1927. Exports reached 9,506 metric tons with a value of \$2,655,000, as compared with 9,036 metric tons valued at \$2,529,000 in 1926. Production and export figures are still below pre-war levels but the trend seems to be upward, particularly in shipments to Great Britain and Argentina. Over 90 per cent of Czechoslovakia's production of bent-wood furniture is exported.

The industry is hampered to some extent by Germany's high tariffs, Italy's discrimination against Czechoslovak products, and France's proposed increases in duties, as well as high prices for raw materials and the growing Polish and Hungarian competition. Nevertheless, orders for bent-wood products have been coming into Czechoslovakia at a good rate since the beginning of 1928 and it is believed that 1928 will be a good year.

APRIL 24, 1929.

Mr. THOMAS MARVIN,
Chairman United States Tariff Commission,
Washington, D. C.

DEAR MR. MARVIN: We notice in the April 20 issue of the United States Daily a paragraph in the third column on page 3 which has reference to the manufacture and finishing of bent-wood chairs which are shipped knocked down, unvarnished, from Poland, and assembled and finished in the United States.

As president of the Herhold Chair Co. I wish to inform you that we are at present in process of liquidation and find it necessary to discontinue manufacturing operations, due to the fact that we can not meet the competition that is afforded us by these chairs that are shipped from Poland and Czechoslovakia.

We are of the opinion that any chair upon which the major part of the work is performed and paid for in foreign countries is undoubtedly an imported chair and that the cost of such manufacture is far less than is present necessary with the domestic manufacturers. In other words, if we could have all of our parts delivered into our factory in the white and same required just the assembling and finishing operations, we would need perhaps only 10 to 15 per cent of our present investment and less than 15 per cent of our present pay rolls. It is therefore obvious that the major cost in producing bent-wood chairs is that cost which is spent in foreign countries upon these imported chairs and for this reason we find it necessary to discontinue operations, as we can not possibly compete with the prices that we are forced to meet through this competition.

We believe, in view of the fact that there are other domestic manufacturers, that some action should be taken to protect the American manufacturer, so that he can continue to employ American labor in the manufacture of this product.

Yours very truly,

HERHOLD CHAIR CO.,
J. P. HAMEETMAN,
President and General Manager.

CHINA PRODUCTS EXPORTERS CO.,
Hong Kong, China, November 11, 1928.

Messrs. HEYWOOD-WAKEFIELD Co.,
Wakefield, Mass.

(Attention R. C. Stout, Esq.)

GENTLEMEN: We thank you for your letter of October 9, which came to hand yesterday.

Sea-grass and rattan furniture: As requested, we inclose herewith our catalogue with c. i. f. prices and approximate weight per piece of furniture. All upright armchairs can be made into rockers at an extra charge of 20 cents per piece. Should there be any designs which are in demand in your market, and which are not listed in the catalogue, please let us have illustrations, when we will submit you our lowest quotations.

Prices quoted are net, and do not include duty, if any, on your side. They are based on the current rate of exchange, and are figured for first-class goods in

conjunction with good workmanship. It is possible to shade the prices 10, 20 or even 25 cents at the sacrifice of quality, but under whatever circumstances, we will not do so, unless so ordered by our clients. If ever we are not paid to the figure asked for what the quality is worth for, we will simply drop off that transaction. Our motto is "Quality and service."

Our prices are competitive inasmuch as we are natives here, and that we are manufacturers ourselves. We have our own factory in the producing centers, Tung Kuen, Toa Kau, for collecting and twisting sea grasses, and our factory in the interior of Canton for cutting rattan cores. The large annual turnover coupled with our source of supply of raw materials enabled us to produce furnitures to meet the keenest competition. We have been supplying local exporters for years, and experience has enabled us to serve our clients to their utmost satisfaction. Consequently you may rely upon us to deliver you the right quality with the right prices.

On the other hand, we can supply you cheap furnitures at very favorable prices. Thousands and thousands of these cheap furnitures are shipped to your side by other exporters here. Please be advised that these cheap furnitures possess the same attractive appearance as the other good-priced furnitures, and the difference is that they will not last so long, as the canes used for the frames are light and thin, and that the grasses or reeds are not of a bright uniform color. For these cheap furnitures, you may order by the catalogue sent you, and the prices will be 20 cents per piece cheaper.

When ordering, if you desire to eliminate cable expenses, you may send us your orders at the prices quoted, or at any other prices which you can do business with the necessary credit to cover the order by mail, when upon receipt we will do our best to confirm business. For new designs not listed in the catalogue, please let us have illustrations with your prices.

We note from your letterhead that you have factories and warehouses in various parts of the States, and have no doubt that we can expect to build up a large business with your esteemed firm. We are prepared to work on a small margin, and assure you of our fullest cooperation.

Rattan cores, peels, can webbings, etc.: We will send you samples and quotations by the following mail.

Cables: Please let us know your registered cable address as well as the codes you use. We prefer the ACME.

Terms: Our terms of business are confirmed bankers credit at 30 or 60 days sight to be opened with order through one of the local banks, to which we hope you will agree.

Reference: For reference we refer you to Messrs. Pacific Vegetable Oil Co. (Inc.), of 62 Townsend Street, San Francisco, with whom we do business to the amount of \$20,000 to \$30,000 monthly. The Nederlandsch Indische Handelsbank, Hong Kong.

In conclusion, we again assure you that we will cooperate with you in every way, and look forward to receive your valuable orders.

Awaiting your commands, we remain, very truly yours,

CHINA PRODUCTS EXPORTERS Co.,
TAM YAM YENK, *Proprietor.*

CHINA PRODUCTS EXPORTERS Co.,
Hong Kong, China, November 12, 1928.

Offer: Reference No.: HWC-1 (without engagement).

Article: Rattan and sea-grass furnitures.

Price: In United States currency per piece c. i. f. packing included.

	C. i. f. Boston	Approx- imated weight, per piece of furniture, including packing		C. i. f. Boston	Approx- imated weight per piece of furniture, including packing
		Pounds			Pounds
No. 51.....	\$4.40	22½	No. 113.....	3.05	16
No. 52.....	4.65	29½	No. 114.....	5.40	15
No. 53.....	2.95	8	No. 115.....	4.95	20
No. 54.....	4.10	11	No. 116.....	2.00	4
No. 55.....	9.35	37	No. 117.....	5.65	23
No. 56.....	10.95	44	No. 118.....	4.10	16
No. 57.....	14.70	53	No. 119.....	1.30	9¼
No. 58.....	8.10	37	No. 120.....	4.80	23
No. 59.....	1.90	4	No. 122.....	4.25	14
No. 60.....	11.00	40	No. 123.....	2.95	16
No. 61.....	3.00	9	No. 124.....	3.70	15
No. 62.....	3.75	20	No. 125.....	8.05	33
No. 63.....	4.80	24	No. 127.....	4.15	13
No. 64.....	11.10	40	No. 128.....	2.85	9
No. 65.....	3.00	9	No. 129.....	1.15	8
No. 66.....	3.05	9	No. 130.....	1.45	7
No. 67.....	11.10	40	No. 131.....	1.15	8
No. 68.....	4.25	17	No. 132.....	1.30	11
No. 69.....	7.65	27	No. 133.....	2.10	17
No. 70.....	3.90	17	No. 134.....	(1)	-----
No. 71.....	4.15	17	No. 135 (a).....	3.85	15
No. 72.....	7.45	26	No. 135 (b).....	4.10	16
No. 73.....	4.25	17	No. 136.....	4.25	15
No. 74.....	3.55	11	No. 137.....	7.55	24
No. 75.....	6.75	21	No. 138.....	7.65	33
No. 76.....	4.20	17	No. 139.....	7.80	27
No. 77.....	2.00	5	No. 140 (a).....	4.00	19
No. 78.....	2.20	9	No. 140 (b).....	4.25	19
No. 80.....	4.85	29	No. 141.....	12.30	24
No. 81.....	4.80	27	No. 142.....	6.05	20
No. 82.....	4.40	20	No. 143.....	12.40	24
No. 83.....	2.90	18	No. 144 (a).....	6.75	40
No. 84.....	2.70	9½	No. 144 (b).....	7.15	40
No. 85.....	3.90	17	No. 145.....	7.20	32
No. 86 (a).....	14.75	23	No. 146.....	13.90	40
No. 86 (b).....	13.70	20	No. 147.....	5.00	17
No. 86 (c).....	13.00	19	No. 148.....	4.20	14
No. 87.....	7.80	32	No. 149 (a).....	3.90	17
No. 88.....	7.90	28	No. 149 (b).....	4.15	17
No. 89.....	7.55	32	No. 150 (a).....	4.00	17
No. 90.....	9.40	32	No. 150 (b).....	4.25	17
No. 91 (a).....	6.75	40	No. 151.....	3.90	17
No. 91 (b).....	7.15	40	No. 152.....	4.25	17
No. 92 (a).....	12.50	36	No. 153.....	4.25	17
No. 92 (b).....	12.90	36	No. 154.....	4.20	17
No. 93.....	13.90	33	No. 156.....	4.30	19
No. 94 (a).....	13.90	43	No. 157.....	3.70	15
No. 94 (b).....	14.30	43	No. 158.....	4.25	13
No. 95 (a).....	7.45	32	No. 159.....	3.40	11
No. 95 (b).....	7.55	32	No. 160.....	3.40	11
No. 96 (a).....	7.35	32	No. 161.....	4.20	15
No. 96 (b).....	7.75	32	No. 162.....	4.30	19
No. 97.....	5.85	37	No. 163.....	4.00	16
No. 98 (a).....	3.85	17	No. 164.....	3.45	11
No. 98 (b).....	4.10	17	No. 165.....	3.45	12
No. 99 (a).....	3.75	17	No. 166.....	3.90	14
No. 99 (b).....	4.00	17	No. 167.....	4.15	17
No. 100.....	3.90	17	No. 168 (a).....	3.90	17
No. 101 (a).....	3.75	16	No. 168 (b).....	4.15	17
No. 101 (b).....	4.00	16	No. 169 (a).....	3.90	17
No. 102 (a).....	3.90	17	No. 169 (b).....	4.15	17
No. 102 (b).....	4.15	17	No. 170 (a).....	3.65	13
No. 103 (a).....	3.90	17	No. 170 (b).....	3.90	13
No. 103 (b).....	4.15	17	No. 172 (a).....	3.90	17
No. 104.....	4.20	16	No. 172 (b).....	4.15	17
No. 105.....	4.20	16	No. 173.....	6.35	12
No. 106.....	4.20	16	No. 173.....	4.00	12
No. 107.....	4.20	16	No. 174.....	6.35	12
No. 108.....	4.25	19	No. 174.....	4.00	12
No. 109.....	3.35	12	No. 175.....	6.50	16
No. 110 (a).....	3.90	17	No. 175.....	4.05	16
No. 110 (b).....	4.15	17	No. 176.....	6.50	16
No. 111 (a).....	4.00	19	No. 176.....	4.05	16
No. 111 (b).....	4.25	19	No. 178.....	5.05	16
No. 112 (a).....	3.90	19	No. 179.....	6.85	12
No. 112 (b).....	4.15	19	No. 179.....	4.50	12

1 On application.

2 These prices will be invoiced if there are sufficient number of settees ordered in a shipment so that the lamps can be packed inside the open spaces.

	C. i. f. Boston	Approx- imated weight per piece of furniture, including packing		C. i. f. Boston	Approx- imated weight per piece of furniture, including packing
		<i>Pounds</i>			<i>Pounds</i>
No. 180.....	1.35	15	No. 194.....	4.00	20
No. 181.....	3.35	16	No. 195.....	3.90	17
No. 182.....	3.20	16	No. 196.....	4.20	20
No. 183.....	4.20	16	No. 197.....	6.20	18
No. 184.....	4.20	13	No. 198.....	3.35	17
No. 185.....	4.15	10	No. 199.....	3.35	17
No. 186.....	3.95	13	No. 200.....	4.00	16
No. 187.....	4.00	16	No. 201.....	4.20	13
No. 188.....	4.00	16	No. 202.....	8.15	23
No. 189.....	13.25	31	No. 203.....	5.80	40
No. 190.....	3.90	16	No. 514.....	4.50	19
No. 191.....	4.20	16	No. 801.....	6.00	26
No. 192.....	3.25	21	No. 802.....	6.20	24
No. 193.....	3.25	21	No. 803.....	4.50	18

STATEMENT OF JOHN MULLIGAN, REPRESENTING REED, WILLOW, RATTAN, AND BASKET WORKERS ASSOCIATION OF NEW YORK CITY AND VICINITY

(Including baskets, par. 412)

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Please tell us whom you represent.

Mr. MULLIGAN. I represent the Reed, Willow, Rattan, and Basket Workers Association of New York City and vicinity.

Senator WALSH of Massachusetts. Are these workers all organized throughout the country?

Mr. MULLIGAN. No; they are not.

Senator WALSH of Massachusetts. Just the New Yorkers?

Mr. MULLIGAN. They are not organized throughout the country, but we have workers around the country, but not as an organization. We are organized here in New York City.

Senator COUZENS. How many members do you have?

Mr. MULLIGAN. We have about 320 in New York City.

Senator WALSH of Massachusetts. Do you work in these assembly plants that the importers conduct or do you work for American manufacturers?

Mr. MULLIGAN. For the American manufacturers. For the past three or four years our business has decreased considerably. In 1925 and in 1926 we had upwards of 600 men in our line of business, which is hand-made, no machines. It started to decrease in 1925, and at the present time we have about 325 men, possibly 350 men, in New York City and vicinity.

Senator COUZENS. Is that all due to the importations?

Mr. MULLIGAN. Due to the importations, as I shall state later.

Senator WALSH of Massachusetts. Are you talking now about reed chairs only?

Mr. MULLIGAN. Yes; reed chairs—reed, willow, and rattan chairs.

When we started the importations in 1925 on the reed and willow chairs, the increased importations cut our factories and workmen down to the percentage I have told you.

In one factory alone, where I was working, there were employed more than 100 men, but at the present time there are only 35.

In the different factories throughout the city of New York and vicinity it has decreased probably 20 per cent or more. The craftsmen in this line of work, which is practically all handmade, had to go into other lines of business. They were forced, through the importations, to get out of their own line, in which they have spent years to develop themselves and to learn it, and possibly the wages decreased, but the work decreased and the output decreased, or the production decreased, which forced them to seek other employment.

Take this Bar Harbor, for instance, which is quoted in the brief which I will present later. That Bar Harbor is imported into this country. It was one of the first importations into this country, and the cost to import into this country is \$1.60. That is imported from China. Other importations are from Belgium, which cost in the neighborhood of \$2.

The production of that same Bar Harbor, if it is produced here, would cost in the neighborhood of \$4 to \$4.50. That is what we have to contend with.

Naturally, the department store, when they found they could take an imported chair, instead of buying from the manufacturer, they started importing, which caused the decreased production, necessitating the decrease in the number of workmen.

Other chairs similar to that, the Lake George, have decreased in production the same as the Bar Harbor.

Chairs which have been imported from Belgium cost to import and put into the warehouses in this country \$2.65. We pay here in this country \$5 to produce them.

You see, that chair is put on the market here, brought in here in what is called an unfinished state, without any varnish or anything on it and finished here. They have the production on the other side so as to bring it in. In Europe they have what we call a supervisor, and the supervisor is the supervisor of all the districts. They are both in Belgium and in Poland. This supervisor goes around among the men working in our line in the wintertime, where they can do nothing on the farms or do anything outside, and they make workshops out of their homes.

Naturally, when this supervisor goes around to those different places where there are men, women, and children making this furniture, they bring it into the center and put a price on it that is practically nothing. It is done at starvation wages, which I can tell you as a fact. That stuff is brought to the center and the market and held until the spring for all that they can produce, and then it is shipped over here at a very small profit. This only started in the last three years, when they started to create a market for the furniture in this country. And naturally we were the ones to suffer.

Now, to place that upon the basis of the American production it would take at least 300 per cent. And putting a tariff of 300 per cent on the Bar Harbor would drive the Bar Harbor up to \$4.50, where it cost \$4.50 to produce it in this country.

What we want and what we are going to ask is to have that tariff as it has been passed by the Congress on our line of furniture, at 60 per cent. The 60 per cent will help us some, but very little, because they can send their production in here and keep us about the same

as we are to-day. If that 60 per cent were placed on the American method, then that would help, but as it is 60 per cent ad valorem, it would be necessary to have about 300 per cent before we could have any benefit out of it.

Now, another thing as to the foreign goods that are coming in. The goods are sent in here in suites of furniture, as we call them, consisting of three or four pieces. The chairs are made on the other side because it costs little to import them and little for freight. The settee is made here in this country, because when the settee is shipped from the other side it is so bulky that by the time they could get it here it would cost them more than it would here.

Those three pieces are put on the floor by salesmen of concerns, and with his hand on the sofa he will say, "This is American manufacture," which, of course, is true. The sofa is, but not the chairs.

The public is the party that suffers. The chairs are sent in here without any bottoms. That was sent in here as a raw material. All it takes is five minutes and about 5 cents to produce that chair. That is the Bar Harbor.

Another thing, they send in what we call knocked-down chairs, which may be chairs illustrated by these wooden chairs. They are made on the other side and they are set together, reed wood put into them, or frame, and it is sent in in packages to this country and assembled here, as we call it. That chair takes only about a half an hour to assemble and make a chair out of.

What we ask is that the duty be placed on the American valuation instead of the foreign valuation, and if the duty is placed that way it will give us a chance to compete and bring back the men who have left our line so that they can come back into the fold again, because it takes us years—and I have 35 years' experience myself—to produce. We may be apprentices, and in Europe it takes seven years as an apprentice, but in this country we are learning all the time. The styles are always changing from one style to-day to another style next week. You are learning all of the time. It is a steady, continual change.

When they first started to import the chairs, they took the chairs in this country, got the supervisor—who I know and saw myself. He came over here and picked out the chairs he wanted in this country right in the city of New York, had the chair assembled and made here, sent over to Belgium, and the chair was duplicated over there and sent back to this country, and in four weeks' time there were 25 men laid off in the factory in which I was working.

Now, those are positive facts relating not only to the shop in which I was working at that time, but we have been forced down at least 40 per cent on our wages through the importations.

And in the basket line, the fancy baskets, they have been forced down at least 30 per cent, or 25 to 30 per cent.

Our average wages at that time were around \$40. That was three years ago, or beginning in 1926. To-day our wages are \$25. The basket weaver's average wage at that time was around \$35 and to-day it is practically \$21.

In this brief you will find the statements I might make or which I will submit to you, and I ask permission to leave it with you.

If our conditions are to be bettered we would better find ways and means to make them better. And we are willing to have your

honorable body pass your judgment upon it and see if the conditions which exist amongst us warrant an improvement. If you think it warrants an improvement, I ask you to grant it.

That is all I have to say.

Senator COUZENS. Are there any questions?

Senator WALSH of Massachusetts. What factory are you in?

Mr. MULLIGAN. Modern Reed & Rattan Co.

Senator WALSH of Massachusetts. How long have you been working for them?

Mr. MULLIGAN. Two years.

Senator WALSH of Massachusetts. Before that where did you work?

Mr. MULLIGAN. In the one I was speaking about, the Grand Central.

Senator WALSH of Massachusetts. For how long?

Mr. MULLIGAN. For pretty nearly a year.

Senator WALSH of Massachusetts. And before that?

Mr. MULLIGAN. The Prairie Grass Co. for 16 years. For nine years I was foreman.

Senator WALSH of Massachusetts. Is any of this decrease in the number of employees attributable to changes in styles of chairs that the people are buying or is it attributable to new methods of production?

Mr. MULLIGAN. It is all due to the imports.

Senator WALSH of Massachusetts. It is all due to the importations?

Mr. MULLIGAN. Yes. That is why they had to leave the trade.

Senator COUZENS. Is that all?

Mr. MULLIGAN. That is all.

(Mr. Mulligan submitted the following brief:)

BRIEF OF THE REED, WILLOW, RATTAN, AND BASKET WORKERS ASSOCIATION
OF NEW YORK CITY

FINANCE COMMITTEE, *United States Senate*:

This memorandum interests itself with those parts of paragraphs 410 and 412 of H. R. 2667, reading as follows:

"PAR. 410. Furniture wholly or in chief value of rattan, reed, bamboo, osier, or willow, malacca, grass, seagrass, or fiber of any kind 60 per centum ad valorem.

* * * * *

"PAR. 412. * * * Baskets, bags, chairseats * * * any of the foregoing wholly or in chief value of bamboo, wood, straw, papier-mâché, palm leaf, or compositions of wood not specifically provided for, 50 per centum ad valorem."

Since the hearings had before the House Committee on Ways and Means in January last, on the question of the proposed tariff legislation, reed, willow, rattan, and basket workers, employed in the community of New York, have formed an association to present their views and grievances before Congress, in order that proper consideration may be given to their situation and tariff protection properly afforded in the proposed law.

Several meetings of the workers have been held in New York City, and I, as chairman of said association, appear here in behalf of the 224 willow workers and 95 basket workers in my district, members of this association, representing a majority of the reed, willow, rattan, and basket workers now employed in my community. I, myself, am a worker, being engaged in this trade for over 35 years.

Until recent times we workers have found employment at our trade. Most of us are heads of families having dependent children and, from our earnings, have been able to maintain our families. In the last few years more and more of us have been obliged to take part-time work at greatly reduced weekly income and many of us are forced to suffer the loss of our trade, by seeking other employment.

From the data collected from the individual members of the association the following is a summary:

	Number	Average years in trade	Average age	Average number of dependents	Average present weekly wage	Average decrease in earnings in last few years
Basket makers.....	95	19	28	3	\$21	<i>Per cent</i> 40
Reed and willow furniture.....	224	19	38	3	25	35

This, without taking into consideration the fact that many hundreds of our workers, skilled in the trade, have been compelled to seek other employment but would be willing to reenter the trade if employment could be secured.

When we consider the demand for the products in this country is on the increase, there should be increased employment instead of a decline. If this condition continues the handicraft will be lost. This loss can in no way be attributed to supplanting by machinery because machinery is not used.

Wicker furniture and baskets are mainly handmade. The workmen are skilled in this particular trade. In certain foreign countries this work is done more or less as a home industry. As the compensation there for the work is not based upon any regulated hours of employment but per piece and the workers are not compelled to earn their livelihood solely from this work, it follows that these workers busy themselves many hours per day and are satisfied to receive a small compensation. It is possible, therefore, to import wicker furniture and baskets at a ridiculously low cost price. In fact, a particular type of wicker chair commonly known as Bar Harbor model, can be purchased abroad at from 80 to 90 cents a piece. For this same type of chair the worker in this country receives about \$4 for his work.

There must also be considered the high value of American dollars abroad. A worker, e. g., in some of the competing countries in Europe earning on an average of \$10 to \$15 per week is economically well provided for and for this wage can maintain a standard of living equal to the wage earner of this country earning \$25 to \$35 per week.

The following will give an idea of the competition from foreign importation on wicker furniture: E. g., Bar Harbor model chair:

Import cost: Foreign cost, 90 cents; freight, etc., 70 cents; total, \$1.60, plus present duty (33 $\frac{1}{3}$ per cent,) 30 cents; total cost, \$1.90; American production cost, \$4.50. Total foreign cost, \$1.60, plus proposed duty (60 per cent), 54 cents; total cost, \$2.14; American production cost, \$4.50.

Attempting to equalize competition on ad valorem valuation would require: \$1.60 plus a duty of 300 per cent, \$2.70; import cost, \$4.30; American production cost, \$4.50.

On American valuation (if same be used): Production cost in United States, \$4.50; duty 60 per cent, \$2.70, plus import cost, \$1.60; total cost, \$4.30.

We maintain that in the case of a commodity like ours in which machinery plays no part and the principal cost of which is hand labor, the only reasonable basis of duty valuation can be on the American valuation plan. Cheap labor in foreign countries will, no doubt, continue for some years.

Foreign countries are quick to find a market in the United States for those commodities in which they can compete by labor. Importers here find it profitable in such importation, at the same time, maintaining a sales price here to the consumer which is kept a little below the domestic cost of production. Domestic manufacturers, especially where their capital investment is not in machinery of production (as in our case), recognizing the futility of competition, turn without loss to importation and this results in the decrease of employment of our workmen. If competition was made fair, the domestic manufacturer would be prone to maintain our labor at employment.

We workmen find ourselves in the position that our manufacturer has no heavy financial investment of capital tied up in machinery to be concerned in maintaining American production, and outside of few old-established firms, who have a certain pride in keeping their plants going, no interest is evinced in presenting the true facts before Congress to obtain the proper relief.

In fact most of our employers, when appealed to by us, take the attitude of extending moral support with their eyes open to the fact that if the tariff is so framed that competition will be equalized they will do business by keeping American labor employed; on the other hand, if the unfair competition is maintained as at present, with the great discrepancy between costs, they will continue doing business but purchase abroad.

The fact that many of us find employment at the present time can be attributed to the following causes:

(1) The importer has not had sufficient time to establish the necessary contacts in Europe and send samples of the furniture and baskets desired here for production abroad.

(2) Some of the imported articles arrive unfinished or in parts and require finishing here.

(3) There are the individual orders requiring special workmanship and design not carried out according to staple samples.

Due to the standard of wages in our trade, which are hardly sufficient to maintain and provide for our families, the lack of organization of our workers with sufficient finances to gather statistics and employ means by which the facts might be shown to the fullest extent, we respectfully appeal to Congress for a careful consideration of our plight to the end that the proposed law will afford such protection as will make possible the security of our employment at our trade on the basis of a livable wage.

Respectfully submitted.

JOHN MULLIGAN.

WOOD SLAT PORCH SHADES

[Par. 412]

STATEMENT OF HON. HENRY ALLEN COOPER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. COOPER. Last January I made a statement before the House Committee on Ways and Means, found printed in Volume IV, Schedule 4, wood and manufactures of, of the House hearings.

To summarize, there are in the State of Wisconsin only four manufacturers of wood slat porch shades, and they are in my own congressional district. They sent a brief to me, and with it a letter, and they have telegraphed me several times to appear before the House Committee for them, and so I did.

All the facts are printed in the brief, which is found on page 2771 of the pamphlet to which I have just referred.

In existing law this is the provision:

Porch and window blinds, baskets, chair seats, curtains, shades, or screens, any of the foregoing wholly or in chief value of bamboo, wood, straw, or papier-mâché, palm leaf, or compositions of wood, not specially provided for, 35 per cent ad valorem; if stained, dyed, painted, printed, polished, grained, or creosoted, 45 per cent ad valorem.

In the bill as passed by the House, in paragraph 412, at page 56, that provision is repeated verbatim ad literatum, except that "bags" is inserted in the paragraph, or added to the provision, and the provision as to the ad valorem rates is stricken out, and this is added, "50 per cent ad valorem," an increase of 5 per cent over the previous maximum provision in the clause in the existing rate schedule.

Those manufacturers pay their employees engaged in the manufacture of wood slat porch shades \$26.25 a week.

The Department of Commerce, under date of December 15, 1928, reported that the average weekly earnings of the skilled woodworkers in Germany is \$12.71 per week. You will observe that that is less than one-half of the wages paid in my district. In Japan the average weekly wage is \$6.33 per week, which indicates the great difference in the wage scales, Mr. Chairman.

There is the additional fact that the material is basswood, largely, and that has increased slightly in price to them since the tariff of 1922 was enacted.

In their petition they use this language in closing:

We respectfully petition your honorable committee that the present duty as set forth at the beginning of this brief be continued in force, as otherwise porchshade manufacturers of the United States would be at great disadvantages.

It was brought out in the House hearings that last year there were about \$60,000 worth of these foreign shades imported, and that was the foreign valuation. It was also brought out there and stated by members of the committee—and they were all present, and there was no contradiction—that this would be equivalent, under present conditions, to approximately \$175,000 worth of importations of foreign-made shades.

Now, Mr. Chairman, these constituents of mine do not want a prohibitive tariff rate, but with that amount of competition it shows that they are not far from the danger line, or what would be the danger line to them.

If I may be permitted to refer to the Houston convention, it declared, I believe, for a competitive tariff, and that would be pretty near, in my judgment, becoming a competitive tariff, with that amount of importations, and these manufacturers hope that that will not be disturbed.

Senator COUZENS. In other words, you are satisfied with the House rates?

Mr. COOPER. Yes.

Senator COUZENS. Have you any views concerning the method of valuation, as to United States system, or the American system, or oreign valuation?

Mr. COOPER. I have not anything to add to the information already in the possession of the committee as to American valuation or foreign valuation. I only know what these manufacturers tell me. I am not interested, financially or otherwise, in any of these plants, and simply speak on behalf of men whom I know well and who are among the very highest type of citizens.

Senator THOMAS. Just one question, Mr. Cocper, if you please. Someone testified yesterday that the tariff in this bill on birch boards and maple boards, I think it was, was put in the bill at the insistence of Wisconsin interests. Can you advise us about that?

Mr. COOPER. I know nothing about that, Senator. I never heard an intimation of that kind before, and I am quite sure none of my constituents have made any request of that kind, because as I understand it, they are not interested in that.

Senator THOMAS. That is in paragraph 402, maple and birch boards, planks, and so forth.

Mr. COOPER. The product of my constituents is found provided for in paragraph 412.

BASKETS

[Par. 412]

STATEMENT OF W. C. REDMON, PERU, IND., REPRESENTING THE AMERICAN VENEER PACKAGE ASSOCIATION

Mr. REDMON. I represent W. C. Redmon Sons & Co., of Peru, Ind., and am also affiliated with the American Veneer Package Association.

We have just a few suggestions to offer on baskets. The present law of 1922, in paragraph 409, says:

Porch and window blinds, baskets, chair seats, curtains, shades, or screens, any of the foregoing wholly or in chief value of bamboo, wood, straw, papier-mâché, palm leaf, or compositions of wood, not specially provided for, 35 per cent ad valorem; if stained, dyed, painted, printed, polished, grained, or oiled, 45 per cent ad valorem.

The change we requested here in paragraph 409 was for the first sentence to remain as at present with the elimination of the word "basket." Then add the words, "baskets and basket work made completely or in part or partly finished of rattan, reed, bamboo, osier, or willow, straw braids, grass or fiber of any kind or combination thereof, whether of round, flat, or split material or in any form of materials of which the above are a constituent part, 90 per cent ad valorem."

Senator COUZENS. Is that in your brief you are reading?

Mr. REDMON. Yes.

Senator COUZENS. Why do you read it if you are going to file it?

Mr. REDMON. I just wanted to speak about a few changes. Here is a change they gave us on that. In H. R. 2667, as passed by the House, it makes only one or two changes from the existing law; it inserts the word "bags," and it changes the rate from the present rate of 45 per cent ad valorem to 50 per cent ad valorem. It changes also painted baskets from 35 to 50. We have asked for 90. We have two factories shut down at the present time, and unless we do get at least 65 we can not run. One of these is at Walton, Ind., and the other at Akion.

Senator COUZENS. Is foreign competition responsible for their being shut down?

Mr. REDMON. Yes. The baskets we make are made out of splints, but the willow basket takes the place of them. They are really a better basket. They can sell willow baskets. We have not bought any, but unless we get this protection we will have to buy. Marion and Burlington, Iowa, bought them by the solid cars at \$2.85 per dozen for a number of sizes. Since that time there has been a labor change of 7 per cent, which advanced it a little bit, and that will make a little difference in it. We have got to have \$6 a dozen for ours. That is 50 cents apiece, delivered to our customers; that is in car lots. It is a better basket than ours. They would rather pay \$1 for a willow basket than a splint basket.

Senator COUZENS. How many men have you out of employment as a result of this?

Mr. REDMON. About 200.

Senator COUZENS. Out of employment?

Mr. REDMON. Yes.

Senator COUZENS. How long have they been out of employment?

Mr. REDMON. In 1919 we employed 455 workmen. In 1927 we had from 288 to 300 people.

Senator COUZENS. Does your brief show the relative changes in imports, increases in imports of this product you are talking about?

Mr. REDMON. Yes.

Senator WALSH. You manufacture what you call splint baskets?

Mr. REDMON. Splint and bamboo, mostly split splint.

Senator WALSH. Split?

Mr. REDMON. Rotary split.

Senator WALSH. Your business has been injured by the importation of willow baskets?

Mr. REDMON. Yes.

Senator WALSH. A willow basket being a superior style of basket to yours?

Mr. REDMON. Yes.

Senator WALSH. Are any willow baskets manufactured in this country?

Mr. REDMON. Mostly on the penal farm, the Indiana penal farms make a lot of them.

Senator WALSH. What is the difference in the retail price between splint baskets and willow baskets?

Mr. REDMON. I will compare with the shopping basket. We import a few, just a little, of the Japanese willow baskets. We buy them only at Peru, Ind., for 85 cents the nest of three, which is larger than this size. I showed them to the Ways and Means Committee. I went to one department store and bought one for 58 cents and I paid 67 cents for one of the American made, 58 and 68, that is the difference. They can sell this foreign reed basket cheaper than we can sell our basket. We have a nice basket.

Senator WALSH. What do you sell your corresponding basket for?

Mr. REDMON. For 75 to 85 cents a nest.

Senator WALSH. So that these import baskets undersell your baskets and are at the same time superior?

Mr. REDMON. Yes.

Senator COUZENS. Is that all you have to present?

Mr. REDMON. All we want is to keep our factory going and to keep our men working.

(The brief submitted is as follows:)

BRIEF OF THE AMERICAN VENEER PACKAGE ASSOCIATION

BASKETS

Present 1922 law:

"PAR. 409. Porch and window blinds, baskets, chair seats, curtains, shades, or screens, any of the foregoing wholly or in chief value of bamboo, wood, straw, papier-mâché, palm-leaf, or compositions of wood, not specially provided for, 35 per centum ad valorem; if stained, dyed, painted, printed, polished, grained, or creosoted, 45 per centum ad valorem."

Change requested:

"PAR. (409)." (First sentence to remain as at present with the elimination of the word "basket.")

Then add: "Baskets and basketwork made completely or in part or partly finished of rattan, reed, bamboo, osier, or willow, straw braids, grass, or fiber of any kind or combination thereof, whether of round, flat, or split material or in any form of materials of which the above are a constituent part, 90 per centum ad valorem."

H. R. 2667 as passed by House:

Paragraph 412 makes only two changes from the existing law: (1) It inserts the word "bags"; (2) it changes the rate from the present rate of 45 per cent ad valorem to 50 per cent ad valorem.

COMPETITION

The amount of importations of baskets is practically equal to the largest item in the entire wood schedule and the importation of baskets represents the most severe competition of any item in the wood schedule. (See Summary of Tariff Information 1929, Schedule 4.)

SEPARATE CLASSIFICATION REQUIRED

Baskets are the major item of the paragraphs under consideration. There is little similarity or relation between the importation of baskets and the other items of "porch and window blinds, chair seats, curtains, shades, and screens" in the paragraph.

Baskets probably represent a larger amount of hand labor than any of the other items in this paragraph. In the Summary of Tariff Information baskets are not given a separate classification and discussion and it is submitted that in the law they should be separated from the other items as indicated in the draft submitted above.

CLASSIFICATION DIFFICULTIES

Under section 410 of the bill as respects furniture, the words "with frames" have been omitted from the furniture classification. This will make it practically impossible to tell the difference between items of "furniture" and "baskets."

With "furniture without frames" included in the 60 per cent classification of furniture, would a willow bath room hamper be classed at the 60 per cent rate or at the 50 per cent rate of baskets? Is a willow basinette for the baby a "basket" or a "bed"? Is a fireside willow container for kindling or firewood a "basket" or an article of furniture? The same difficulty of classification will arise in the case of porch and window baskets, waste paper baskets, and many other products made of this type of material for household utility or decorative use.

INSTANCES OF CLASSIFICATION DIFFICULTIES

Grass baskets were imported under paragraph 439 of the act of 1922, at a 25 per cent rate (Abstract Treasury Decision No. 50451).

Straw bags were imported under paragraph 1459 of the act of 1922, at a 20 per cent rate. (Abstract Treasury Decision No. 49653.) These bags were the kind which are used by the housewife in competition with the baskets manufactured in this country. Have one of our factories closed for 6 months that made nothing but these bags. Another Indiana factory and an Akron factory shut down. Can not operate unless we get at least 65 per cent ad valorem.

Hinoki baskets chief in value of chip and imported at 25 per cent rate under paragraph 1439 of the act of 1922. (Abstract Treasury Decision No., 7218.)

TERMINOLOGY

It will be observed from these citations and from an examination of the sections under review that the proposed new section in the bill as passed the House does not include the various materials used in articles which should properly be included in this classification. Willow baskets are one of the most important type imported yet "willow" is not mentioned.

It is urged that the paragraph suggested by basket manufacturers is the only comprehensive one which will meet the exceptions and difficulties of classification which would undoubtedly arise if the reported section 412 is allowed to remain.

RATE NEEDED

Baskets may be much more readily imported on account of their "nesting" facilities than can furniture made of rattan or reed. Likewise, baskets are a hand labor production and such importations can not be met by machine processes as they are partially met in the production of furniture.

Some of the commercial basket manufacturers also make furniture of rattan, reed, etc., and they find their most severe competition is in relation to baskets. It is for this reason that a high rate of protection on this production is urged.

Some basket manufacturers for self-protection have been required to go into the business of importing their baskets but they would prefer to make these containers in their own factories.

The amount of hand labor in the manufacture of baskets represents from 75 to 80 per cent of the cost with the cost of materials and other charges running from 20 to 25 per cent.

VOLUME OF IMPORTATION

The extent and nature of the competition is illustrated by the fact that the value of the importations have been cut in half since 1922 but the quantity has remained almost constant.

Baskets of this type are much like hats in the ratio of personal use and consumption in that the number used has a tendency to remain substantially constant and to show an increase only in increased population.

It is respectfully submitted that in the interest of good administration and proper regard for the interests affected, that petitioners are entitled to the relief requested.

Respectfully submitted.

AMERICAN VENEER PACKAGE ASSOCIATION,
W. C. REDMON.

SPRING CLOTHESPINS

[Par. 413]

STATEMENT OF CHANDLER W. BROWN, REPRESENTING MANUFACTURERS OF SPRING CLOTHESPINS

Mr. BROWN. There are two or three small items which the brief does not cover that I wish to bring out. The manufacture of spring clothespins, as you can see from the article, is largely labor. The cost of the material is a comparatively small item, less than 50 per cent.

In the brief which I have just submitted I have attached a schedule of comparative costs of raw material and of labor, which is as accurate as we have been able to get it. We believe that it is accurate for the past 12 months. We have not been able to carry that out on the basis of cost of the product. However, knowing that our cost is so largely labor and such a small percentage of our cost is material, I assume the selling price of the foreign spring clothespin is indicative of their cost. The completed wooden part of the splints is a small piece of wood. We are able to make that from a comparatively low-grade hardwood. This furnishes a fair outlet for the low grade which is necessarily manufactured when the high grade is made.

To the northern New England farmer the timber which he cuts from his woods lot in the winter is one of his cash products. It is not unusual for us to have farmers bring in a few thousand feet of hardwood for our use with the request that the check therefor be paid them at tax time, not before.

I think all of the other matters are contained in the brief.

Senator COUZENS. Are there any questions?

Senator WALSH. As I understand your position, you want birch, that is the material you use in making these pins, to come in free?

Mr. BROWN. I am not actively interested in that.

Senator WALSH. You want the difference in the cost of transforming the raw material into this manufactured product, comparing American

costs with foreign costs, to be compensated for and taken care of in this tariff?

Mr. BROWN. I am sorry that you misunderstood.

Senator WALSH. Linking the two together.

Senator COUZENS. The brief requests a raise from 15 to 20 per cent.

Mr. BROWN. We now have 15 per cent and request 20. We are, as I say, not actively interested in the birch tariff. If you ask for my personal opinion, I rather favor the birch and maple tariff.

Senator COUZENS. Will not that increase your cost?

Mr. BROWN. Not appreciably. We use only the low-grade hardwood, which is not profitable to ship long distances. It furnishes an outlet for this hardwood, any quantity of which is grown in New England, at least, apparently there is a great deal of it on the market. To my knowledge in the last 10 years, the United States Clothespin Co., with which I am connected, although here I represent four of the six companies making spring clothespins, has not imported a foot of hardwood for the manufacture of spring clothespins, from Canada. Almost all of it comes from Vermont, a small portion from New Hampshire, and a small portion from Maine.

Senator COUZENS. What is the consumption of this product?

Mr. BROWN. For spring clothespins?

Senator COUZENS. Yes; is it heavy?

Mr. BROWN. It is not particularly heavy, no; approximately a million gross, slightly less than a million gross per year.

(The brief submitted is as follows:)

BRIEF OF MANUFACTURERS OF SPRING CLOTHES PINS

COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.

GENTLEMEN: We, the following companies, manufacturers of spring clothes pins, and representing 90 per cent of the total quantity of spring clothes pins manufactured in the United States, respectively submit the following facts and figures in support of the additional tariff that we believe our industry is entitled to:

Schedule 4: Wood and manufactures of, paragraph 413, provides as follows: "Spring clothes pins, 15 cents per gross."

We desire this duty to be increased to 20 cents per gross for the following reasons:

1. Because of the lower cost of raw material and labor in various Scandinavian and other European countries, the cost of completed spring clothes pins is at the present time approximately 20 cents per gross less than in this country.

2. The industry, while not a large one, supplies a household necessity and furnishes an outlet for a certain grade of hardwood which is not otherwise easily marketable or usable.

The industry itself is one of long standing, having originated in the New England States in 1887. Its growth has been largely retarded by reason of the importation of foreign-made spring clothes pins and the fact that domestic manufacturers have been unable to consistently and successfully manufacture and sell spring clothes pins in this country to compete with foreign-made spring clothes pins at the price at which they have been landed and sold in the United States. The future prospects of the industry depend largely upon the added protection that is sought at this time in the way of additional tariff duty.

3. The wage scale in the spring clothes-pin industry of this country during the past 10 years has been 35 cents per hour, whereas the average wage scale per hour in the Scandinavian and other European countries exporting these clothes pins covering the same period has been 11 cents per hour.

The cost of the timber (birch and beech) used in this country in the manufacture of spring clothes pins is on an average of \$23 per thousand feet, whereas the cost of the same kind of timber (birch and beech) used in the Scandinavian and other European countries exporting these pins is \$15 per thousand feet.

The wire used by the domestic manufacturers in the production of these clothes pins costs approximately \$4.88 per hundredweight as against \$3.89 per hundredweight in the foreign countries exporting these clothes pins.

In respect to dumping and unfair trade practices, investigation has proven the fact that manufacturers of these clothes pins in Norway, Sweden, and Finland have during the past several years offered their spring clothes pins in their own countries at a price from 18 cents to 20 cents per gross f. o. b. factory, and at the same time that such prices were being offered in the country of their origin these clothes pins have been offered and delivered in this country at 16 cents per gross.

Without question, such practices on the part of foreign exporters are aimed directly at American manufacturers with the purpose of putting them out of business and gaining a foothold for the sale of their products in this country.

At no time during the past history of spring clothes pins manufacture has the manufacturers' price been the sole basis of the consumers' price. The split clothes pin, which is manufactured only in this country, has always had a distinct bearing on the consumers' price of spring clothes pins. Because of excessive domestic competition among the split clothes-pin manufacturers, spring clothes-pin manufacturers have not, in the past, been able, nor in the future expect to be able, to materially increase prices. Importations from foreign sources have been of sufficient size in the last five years to materially effect the domestic manufacturers' volume of production to an extent sufficient to raise manufacturing cost to a point substantially equal to possible selling price.

Three domestic concerns of many years' standing have, in the past 10 years, discontinued the manufacture of spring clothes pins, but the increase in imports has offset this decrease in domestic production.

For the above reasons, therefore, the industry most respectfully and earnestly petitions that the present tariff of 15 cents per gross be increased to at least 20 cents per gross, it being the belief of the industry that such increase is entirely warranted by the facts submitted and absolutely necessary if the manufacturers of this article are to continue in business and the industry itself show any expansion and growth.

	United States	Sweden	Finland
Cost of logs (per thousand feet).....	\$23.00	\$20.00	\$15.00
Cost of wire (per hundredweight).....	4.88	3.89	3.89
Cost of labor (per hour)			
Mechanic.....	.60-.75	.35	.27
Common (male).....	.40	.16	.13
Common (female).....	.30	.08	.07
Cost of product (in the case of the foreign spring clothes pin we do not know, and so are forced to take their selling price, though the domestic figure is based on the consolidated cost figures of the companies represented).			
F. o. b. factory (per gross).....	.355		
C. i. f.:			
Boston.....	.3698	.165	.165
New York.....	.372	.165	.165
St. Louis.....	.3818	.165	.165
Houston.....	.4178	.165	.165
Pacific coast.....	.4056	.165	.165

The 1928 exports by the 3 largest producers here represented, i. e., the Demeritt Co., the Berst-Forster-Dixfield Co., and the United States Clothes Pin Co. totaled 1,257 gross.

Respectfully submitted.

THE DEMERITT CO.,
Waterbury, Vt.
THE NATIONAL SPRING CLIP CO.,
Montpelier, Vt.
THE BERST-FORSTER-DIXFIELD CO.,
New York City.
THE UNITED STATES CLOTHES PIN CO.,
Montpelier, Vt.

By CHANDLER W. BROWN.

PAINTBRUSH HANDLES

[Par. 413]

**STATEMENT OF RAY E. COLLETT, BREWER, ME., REPRESENTING
DOMESTIC PAINTBRUSH HANDLE MANUFACTURERS**

(The witness was duly sworn by the chairman of the subcommittee.)
Senator WALSH of Massachusetts. Whom do you represent, Mr. Collett?

Mr. COLLETT. I represent between 75 and 90 per cent of the paintbrush handle manufacturers in the United States.

Senator WALSH of Massachusetts. How many plants have they?

Mr. COLLETT. They have at least 12 plants that manufacture mostly paintbrush handles.

Senator WALSH of Massachusetts. Located where, throughout the country?

Mr. COLLETT. Located throughout the country, principally in the East.

Senator WALSH of Massachusetts. Now, you want this duty that the House recommends to remain?

Mr. COLLETT. Yes.

Senator WALSH of Massachusetts. Or do you want to have it increased?

Mr. COLLETT. We are satisfied to have it remain as it is.

I would like to refute one or two statements that the Rubberset people have made, although the imports that we are most afraid of are coming from Germany and Japan. There are small handles that come from Germany, and the dollars and cents value does not represent the real state of affairs.

His first statement was that there were no handles coming from Germany or Japan. We have here a letter from the Baker Brush Co., of New York, one of the best known artists' brush and soft-hair brush makers, to the effect that they have imported between 500,000 and 700,000 paintbrush handles from Germany in the last three years.

The report of the chief of the section of customs statistics, L. J. Mahoney shows that in April, 1929, there were imported from Germany, \$1,822 worth of paintbrush handles, and also over \$6,500 worth of paintbrushes in which the handles were included.

Senator COUZENS. What percentage is that of the whole industry in this country?

Mr. COLLETT. These handles from Germany are the small round turned handles, such as are used in artists' brushes, and the Americans have lost practically all of their business in that line to the Germans, but the Germans now are planning to send in small flat varnish handles, which are to be used in brushes made for the syndicate lines, such as are sold in the 5-and-10-cent stores. If the Americans continue to lose this business of the flat varnish handles we would have to change our manufacture and go into other wood turning, which would handicap the turners already in that industry. We think that we deserve this 33½ per cent duty which the House has given us in this bill.

Senator COUZENS. What are these handles made of that are coming from Germany?

Mr. COLLETT. They are made principally of birch and beech, I think.

Senator COUZENS. Do you think that competes in any sense with the Rubberset Co.'s material?

Mr. COLLETT. They are not the same class of handle, Senator. The German handles are small. They have not gotten into the big handles yet, in which the Rubberset Co. production predominates. They can not really be compared, in dollars and cents, because they are not the same types.

Senator COUZENS. You want the same tariff, then, to apply on the same goods coming from Canada.

Mr. COLLETT. Yes, sir; on the whole line of brush handles.

Senator COUZENS. Do those that are coming from Canada compete with you?

Mr. COLLETT. Yes, sir.

Senator COUZENS. In what respect?

Mr. COLLETT. They compete with us to the extent that they are not sold. They had issued a price list last year to sell them on the open market to other brush manufacturers, but after the paintbrush manufacturers started to interview the House Ways and Means Committee they withdrew that price list, and they now say that it was due to a superintendent of theirs that put the price out by fault.

Senator COUZENS. Is that the concern that issued the price list of the Rubberset Co., for which Mr. Feddersen just testified?

Mr. COLLETT. Yes.

Senator COUZENS. They are the ones who issued the price list and then withdrew it?

Mr. COLLETT. Yes, sir.

Senator COUZENS. Is that all you care to say?

Mr. COLLETT. Yes, sir. We would like permission to file a brief.

Senator WALSH of Massachusetts. Is it a fact that the paintbrush that the previous witness manufactures is not competitive with the paintbrushes that you and others make, because of its being used around electric lights and wires?

Mr. COLLETT. We do not make any paintbrushes complete.

Senator WALSH of Massachusetts. But the German imported paintbrush does compete. It is not of the same type as that made by the last witness.

Mr. COLLETT. I understood his was a completed brush, but we are not particularly interested in the completed brush, because we are manufacturers only of the wooden handles.

Senator WALSH of Massachusetts. If the Canadian supply were shut out, he would have to buy his wooden handles from you?

Mr. COLLETT. Not according to the prices which he proposed to sell them at. They could import those handles at those prices, adding a 33 $\frac{1}{3}$ per cent duty, and half a cent specific duty, and still be under our selling prices in some cases 2 or 3 cents a hundred.

Senator WALSH of Massachusetts. How much duty would you need in order to shut out the Canadian handle?

Mr. COLLETT. I should say it would have to be 50 per cent ad valorem, and a half a cent specific duty. That is based on their own valuations.

Senator WALSH of Massachusetts. Is the German handle sold in this country cheaper than the Canadian?

Mr. COLLETT. The Germans have not as yet entered the line which the American manufacturer specializes on, which includes the flat and oval wall paintbrush handles used by painters.

Senator WALSH of Massachusetts. So, the German imports do not compete with you and other manufacturers of paintbrush handles?

Mr. COLLETT. In the flat paintbrush handles and the round small turned handles, they have competed to such an extent that they have almost driven them out of business in America. We have had to go in other lines.

Senator WALSH of Massachusetts. In other words, you were engaged in making those kinds of handles?

Mr. COLLETT. Yes.

Senator WALSH of Massachusetts. But their imports have driven you out of that business, because they have undersold you?

Mr. COLLETT. Yes, sir.

Senator COUZENS. Are there any further question?

Mr. COLLETT. We would like to be permitted to file a brief, if necessary, at a later date.

Senator COUZENS. You may.

(Mr. Collett submitted the following brief:)

BRIEF OF THE BRUSH HANDLE MANUFACTURERS OF THE UNITED STATES

This brief is presented to the Finance Committee of the Senate by a group of American brush handle manufacturers in behalf of the industry as a whole, and representing not less than 90 per cent of the total output of the industry.

On January 17, 1929, a brief on the same subject was presented to the Ways and Means Committee of the House of Representatives setting forth the facts and conditions in the industry, and because of the fact that this brief has been found to be accurate and presents a true summary of the needs of the American manufacturers, is it definitely referred to here, incorporated as a part of this document, and a copy filed herewith.

While the tariff bill, H. R. 2667, was under consideration by the Ways and Means Committee, and later during the passage of the bill through the House, the only source of objection to the relief asked for by the paintbrush handle manufacturers was from a single source, that of the Rubberset Co., manufacturers of brushes, whose main plant is located at Newark, N. J.

An opposing brief was filed by this concern in which certain statements were made so contrary to the facts that we respectfully request permission to review their brief in this connection.

The second paragraph of the Rubberset brief referred to above, reads:

"The economic production of paintbrush handles in the United States is confined to two plants only, namely, the C. E. Bradley Corporation, of Brattleboro, Vt., and Holgate Bros. Co., Kane, Pa."

The following concerns have been established for years, and engaged in the manufacture of paintbrush handles in the United States:

	Rating
Wm. M. Ives Co. (Inc.) Baltimore, Md.....	\$20,000 to \$35,000.
Pittsburgh Plate Glass Co., Keene, N. H.....	Over \$1,000,000.
Brewer Manufacturing Co., Old Town, Me.....	\$20,000 to \$35,000.
Battenkill Handle Co., West Arlington, Vt.....	\$5,000.
Stevens Manufacturing Co., Cummington, Mass....	\$5,000 to \$10,000.
Lisbon Manufacturing Co., Lisbon, N. H.....	\$300,000 to \$500,000.
C. A. Mahle & Son Corry, Pa.....	\$10,000 to \$20,000.
Piqua Handle & Manufacturing Co., Marquette, Mich.....	\$750,000 to \$1,000,000.
Piqua Handle & Manufacturing Co., Piqua, Ohio..	\$750,000 to \$1,000,000.
Allen Manufacturing Co., New Durham, N. H.....	\$75,000 to \$125,000.

The third paragraph reads as follows:

"As the source of supply of these paintbrush handles is confined to these two firms, it follows that they by mutual understanding and agreement, are in a position to control and dictate the selling price of the handles and assume monopolistic control over the whole domestic market to the detriment of the large-scale paintbrush manufacturers who are entirely dependent upon these firms for their handle supplies."

In the foregoing paragraph we have pointed out that there are no less than 10 well established independent companies engaged in the business of manufacturing brush handles, so that the statement that the two firms mentioned in the second paragraph of the Rubberset brief as controlling the handle industry is without any foundation in fact.

These two firms have no connection whatever, and are competing with each other under exactly the same conditions as they are competing with all other handle manufacturers.

Paragraph 4 contains the statement that:

"In the spring of 1928, Holgate Bros. Co. and C. E. Bradley Corporation, by mutual agreement decided upon an advance of 10 per cent in the selling price of paintbrush handles."

The foregoing statement is wholly incorrect. During the year 1927 and for some months in 1928, the brush industry was at low ebb. There was a material falling-off in demand for handles. This fact, together with increasing costs of lumber, made it necessary to advance prices on handles. Prices were first advanced by Holgate Bros. Co., of Kane, Pa., but the advance was not in excess of 8 per cent. Other handle manufacturers, including the C. E. Bradley Corporation, followed with increased prices, but there was no attempt on the part of any group of handle manufacturers to fix prices or to adopt uniform prices. In fact, the prices are not uniform to-day. Each manufacturer quotes independently of every other manufacturer.

In the fifth paragraph of the Rubberset brief the statement is made that the two handle manufacturers, Holgate Bros. Co. and the C. E. Bradley Corporation, "have made exceptionally large net profits annually for a period of years."

This statement is also contrary to the facts. It can be shown from the books of the two concerns mentioned that the net profits per dollar invested were never excessive, and were at times as low as 4 per cent.

In this connection we wish to refer to the Summary of Tariff Information, 1929, on the tariff act of 1922, Schedule 4, wood and manufactures of, page 962, prepared by the United States Tariff Commission. and it will be seen that the total production of paintbrush handles in the year 1926 was \$1,325,000, while in the year 1927 the amount had been reduced to \$1,240,000 worth of handles.

This reduction in the output of American factories is in a very large measure due to the increase in the value of importations.

On the same page it will be noted that this increase in importations in the two years referred to, 1928 over 1927, is approximately 75 per cent, and therefore the prevailing rate of 16 $\frac{3}{4}$ per cent is entirely inadequate to protect the American manufacturers from foreign competition.

In answer to the statement of the Rubberset Co. that it is impossible for brush makers to recover the advance in the price of handles by a corresponding advance in the price of brushes, attention is called to the fact that the cost of the handle is never more than one-tenth of the selling price of the completed brush.

The handle in a brush selling for \$2 or \$3 often costs less than 5 cents. Even in a 10-cent brush the handle will often sell for 1 cent or less. Obviously, an advance of even 10 per cent on handles plays a relatively small part in increasing the cost of the completed brush, being approximately 1 per cent of the price of the completed brush.

In the next paragraph the statement is made that the total importations of handles reported corresponds with the importations of the Rubberset Co. In other words, the inference is made that there are no other handles coming into the country than those that the Rubberset Co imports from their factory in Canada. This is clearly incorrect as original reports of L. J. Mahoney, chief, section customs statistics, port of New York, will show. We are attaching several of these for the information of the committee and would call particular attention to the latest report, that under date of June 14, which shows the importations from Germany during the month of April to be over 75 per cent in value of those received from Canada. Because of the lower price on German handles this means that there were many more handles imported from Germany during that month than there were from Canada.

This will clearly show that in recent years and continuing at the present time in increasing quantities from month to month there is a constant series of shipments of brush handles from other countries than Canada, particularly Germany and Japan, and we would respectfully refer in this connection to the Summary of Tariff Information above cited, page 963, in which the United States Tariff Commission have pointed out that:

"In 1927 the imports from Canada were 73 per cent and those from Germany 27 per cent of the total. For the first nine months of 1928 79 per cent were from Canada and 21 per cent from Germany."

The menace from German competition will be seen a little more clearly in connection with the above statement of the Tariff Commission when it is remembered that importations of paintbrush handles are reported in dollar and cent values and the handles made in Canada are the more expensive handles while those made in Germany are the round or turned handles which are made so cheaply that their great volume is not indicated when valuations are given.

Please be referred in this connection to the Brief submitted to the Ways and Means Committee, pages 24 and 26, and it will be seen that German handles are made as low as \$0.44 per hundred and in actual buying round turned German handles are quoted as low as \$0.12 a gross. Measured in dollar and cent values the importations from Germany therefore do not bulk large, but the number of American employees thrown out of a job by German imports is comparatively large.

Under the heading "Foreign conditions," the Rubberset Co. makes the statement that "cost of raw materials is practically equal in Canada and the United States."

In this connection, we would cite again the Summary of Tariff Information presented by the Tariff Commission especially for the guidance of the Ways and Means Committee, page 963, in which the statement is made that "The investigation showed the Canadian plant to have a small investment in comparison with the domestic factories but a relatively high investment in point of volume of output; low material costs, and a lower wage scale than that paid in similar factories in the United States."

The Rubberset brief goes on in the next paragraph to state that the cost of labor in woodworking plants in Canada is higher than in the United States. Please refer to the report of the United States Tariff Commission, page 4, and it will be seen that in the study then made it was shown that American manufacturers paid 23.6 per cent higher wages on an average for all classes of labor than did the Canadian manufacturer. For convenience we repeat this comparison below:

TABLE 1.—Comparative average hourly wage rates in paintbrush-handle factories in Canada and the United States, 1922

Occupation or type of work	Canadian factory	Domestic factory—		
		No. 1	No. 2	No. 3
Assistant foreman.....	\$0.495	\$0.525	\$0.530	.....
Rip sawing.....	.325	.400	.405	\$0.380
Crosscut sawing.....	.225	.400	.375	.340
Planing.....	.225	.400	.315	.370
Turning.....	.355	.100	.365	.380
Sanding side.....	.205	.282	.240	.320

The average wage of the Canadian factory is 0.305 per hour while the average wage of the three American factories was 0.377 per hour, showing that the American factories were then paying 23.6 per cent higher wages than the Canadian factory. Recent inquiry and investigation of present-day conditions would indicate that about the same relation now exists between the Canadian wage and the American wage. In other words, our American factories are still paying between 23 and 25 per cent higher wages.

The explanation made in paragraph 11 of the Rubberset brief of their action in quoting the American trade low prices on brush handles from their Canadian plant and then withdrawing these prices later is particularly weak and deceptive.

The censure here is placed upon a "new superintendent" whom they had employed at their Gravenhurst Canadian factory. It is significant that these prices were not withdrawn until after the American handle manufacturers had petitioned the Ways and Means Committee of the House for relief in the tariff bill now under consideration and it is further a rather perplexing fact that this "new superintendent," employed by the Rubberset Co. as an expert to reorganize their Canadian handle factory, was never in the employ of either Holgate Bros. Co., Kane, Pa. or of the C. E. Bradley Corporation, Brattleboro, Vt., which would be rather conclusive evidence that there are other successful handle manufacturers in the United States aside from the above companies.

Again, if the Rubberset Co. is correct in its statements in its brief, paragraphs 8 and 9 that the "cost of raw materials is practically equal in Canada and the United States," and the "cost of labor in wood-working plants in Canada is higher than in the United States," is it not a sensible question to ask why they would establish their handle factory in Canada instead of in the United States, and why do they persist in continuing it there if manufacturing conditions in this country are so much more favorable, particularly when the bulk of their handles are to be shipped into the United States.

In paragraph 13, under the heading "Other foreign sources of supply," the statement is made that "Europe is the only other possible country that might export paintbrush handles to the United States, but there is none being imported from Europe at the present time and under present conditions, their designs, and those in use in this country, that in order to obtain a market for them in the United States it would be necessary first to remodel their plants and patterns to conform with our requirements. The limited potential volume of business would not warrant the outlay necessary to make the required changes."

It has already been pointed out above that the reports from the port of New York, L. J. Mahoney, chief, customs statistics, that there are regular importations from Germany (please note original reports attached), and we would very respectfully refer the committee to the letter of the Baker Brush Co., 83 Grand Street, New York City, one of the leading manufacturers of soft-hair brushes in the United States, pointing out that during the last three years they have imported from Germany between 500,000 and 700,000 handles. Copy of this letter will be found attached.

The brief of the Rubberset Co. concludes with the following sentence: "This request is supported by the report of the United States Tariff Commission to the President of the United States on paintbrush handles."

We wish to point out in connection with this report of the Tariff Commission that it is based upon conditions in the year 1923, and since that time material changes have taken place. Canadian handle manufacturers are now fully equipped and on a highly efficient production basis.

We also wish to call particular attention to the fact that while the claims for tariff protection by the brush handle manufacturers are supported by the entire American industry representing all of the companies in this business, the opposition to tariff protection on handles is supported only by the Rubberset Co. among the great number of brush makers in the United States.

Furthermore, the Rubberset Co., as a member of the American Brush Manufacturers Association, is asking for a new and specific duty of 2 cents on each brush and an increase in the tariff on brushes from 45 per cent to 65 per cent; and yet they are very anxious to have paintbrush handles put on the free list.

The Rubberset Co. is vitally interested, because they have established a plant for handle manufacturing, not in the United States, but in Canada. We call particular attention to the fact that the products of this Canadian handle plant are not for distribution in Canada, but are returned to this country to be made into brushes by the Rubberset Co.

The Rubberset brief concludes with a summary in which six conclusions are drawn from the statements submitted. As we have shown that their statements or premises are incorrect in nearly every instance, their argument, therefore, is based on a false foundation, and their conclusions must needs be incorrect.

In concluding, we would respectfully urge that the committee give careful consideration to the very pressing need of the paintbrush handle industry, and we would say very frankly that the great menace to this industry is not in the direction of Canada nearly so much as it is from German manufacturers.

We have never before found it necessary to ask aid from Congress in the matter of tariff, but we are confronted with a new Germany where the intensity of the postwar industrialization can not be exaggerated. Extensive changes have taken place in their ideas governing the application of new and more efficient mechanical equipment.

The old conservative German tendencies have disappeared and modern machinery and the lower costs of German labor place the manufacturers in that country at a very decided advantage.

Paintbrush handles at the hands of the Ways and Means Committee of the House have been given no additional tariff. The House bill merely restores paintbrush handles to the 33½ per cent ad valorem duty in the basket clause, section 413, Schedule 4, where it was formerly in the Fordney-McCumber Act of 1922.

Even this restoration is not sufficient to enable the industry to meet new foreign competition, but it will help the manufacturers to hold at least a part of the trade in our own country.

All of which is respectfully submitted for the American paintbrush handle industry.

WM. M. IVES CO. (INC.),
Baltimore, Md.
 PITTSBURGH PLATE GLASS CO.,
Keene, N. H.
 BREWER MANUFACTURING CO.,
Old Town, Me.
 BATTENKILL HANDLE CO.,
West Arlington, Vt.
 C. E. BRADLEY CORPORATION,
Brattleboro, Vt.
 HOLGATE BROS. CO.,
Kane, Pa.
 ALLEN MANUFACTURING CO.,
New Durham, N. H.

WASHINGTON, D. C., June 17, 1929.

NEW YORK, March 30, 1929.

C. E. BRADLEY CORPORATION,
Brattleboro, Vt.

GENTLEMEN: Referring to the brush handles for paintbrushes, we wish to advise that we have been unable to give you this business for the past few years, due to the fact of German competition on finished brushes.

Brushes have been coming in so cheap that in various instances the cost of your handle was as much as the imported brushes were for the entire product. We had been endeavoring to combat this condition with our trade in pleading for American protection, but our customers found that the importers were selling the brushes so ridiculously under their cost that they could not continue to favor us with the business.

We, therefore, found in order to get within a price anywhere near the imported price, we would have to import some of the handles and a few years ago started to import some of the handles to see how our costs would come out. On certain items we have imported approximately 100,000 a year. We believe in the last three years we have imported approximately 500,000 to 700,000 handles.

We want you to feel that we have always endeavored to keep the business in the United States for home production, but it just meant that we could not continue making these lines and pay the American price for the handles.

We want you to feel that it is absolutely necessary that our representatives, with their interest at heart for American industry, consider the question of a protective tariff for the brushes, as if this is not considered it would mean a disaster to the brush industry of America.

Wherever the American price of handles in between 10 per cent and 15 per cent higher than the imported prices, we would always be glad to favor you with the business. Should the tariff be advanced on handles without the brushes, it would make the importer so much stronger in view of the fact that we then would not have any way of meeting their competition.

I therefore say again that to save the American brush industry and its affiliated supplies it is very essential that our Representatives consider this very carefully, and feel sure that in the end the consumer would not be paying any more than he has been heretofore.

Very truly yours,

BAKER BRUSH Co. (INC.).

NEW YORK, June 14, 1929.

HOLGATE BROS. Co., Kane, Pa.

SIRS: I am pleased to submit herewith figures of importations into the United States during the month of April, 1929, of paint brushes and wood handles for paintbrushes, by countries and districts:

District	From—	Dozen	Value
Wood handles for paintbrushes:			
New York.....	Germany.....		\$1,822
Do.....	Canada.....		2,313
Paintbrushes:			
New York.....	Germany.....	5,298	6,479
Philadelphia.....	do.....	108	10
Vermont.....	Canada.....	1	7
New York.....	Japan.....	3,015	460
Los Angeles.....	do.....	20	18

Very truly yours,

L. J. MAHONEY,
Chief, Section Customs Statistics.

NEW YORK, February 4, 1929.

HOLGATE BROS. Co., Kane, Pa.

SIRS: I am pleased to submit herewith figures of importations into the United States, during the month of December, 1928, of paintbrushes and wood handles for paintbrushes, by countries and districts:

District	From—	Dozen	Value
Wood handles for paintbrushes:			
New York.....	Germany.....		\$720
Do.....	Canada.....		1,734
Paintbrushes:			
Philadelphia.....	France.....	450	294
New York.....	Germany.....	7,892	6,853
Chicago.....	Switzerland.....		4
San Francisco.....	Japan.....	16	5

It is requested that you inform this office whether these statistics are still of service to you. If we do not hear from you within 10 days it will be assumed that you are no longer interested and the service will be discontinued.

Very truly yours,

L. J. MAHONEY,
Chief, Section Customs Statistics.

NEW YORK, May 7, 1929.

HOLGATE BROS. Co., Kane, Pa.

SIRS: I am pleased to submit herewith figures of importations into the United States, during the month of March, 1929, of paintbrushes and wood handles for paintbrushes, by countries and districts:

District	Country from	Dozen	Value
Wood handles for paintbrushes:			
New York.....	Germany.....		\$448
Do.....	Canada.....		1,330
Paintbrushes:			
New York.....	France.....	2,416	2,042
Do.....	Germany.....	39,084	7,174
Chicago.....	do.....	492	173
Vermont.....	Canada.....		4

Very truly yours,

L. J. MAHONEY,
Chief Section Customs Statistics.

SUPPLEMENTAL BRIEF OF THE BRUSH HANDLE MANUFACTURERS OF THE UNITED STATES

This supplementary brief is presented to the Finance Committee of the Senate by a group of American brush handle manufacturers, whose names are attached hereto, in behalf of the industry as a whole and representing not less than 90 per cent of the total output of the industry.

In reply to a brief from the Rubberset Co. opposing the rate of duty fixed by the Ways and Means Committee in House bill 2667, a brief was filed with your committee on this subject June 20, in which reference was made in some detail to the statements previously contained in the House brief of the Rubberset Co.

The occasion of this supplementary brief is to reply in as limited space as possible to a further brief that the Rubberset Co. have filed in opposition to the duty on paintbrush handles as now written in House bill 2667.

Assuming that it is the function of the protective tariff to fix such a duty on each article that may be imported that manufacturing conditions at home and abroad may be placed on a reasonable degree of parity, we would invite your attention to glance through the Rubberset brief and to weigh and consider how much of the 49 paragraphs it contains that actually furnish reliable data and information tending to show that 33½ per cent duty levied upon paintbrush handles imported into this country is an excessive protection.

The second paragraph states that Holgate Bros. Co., of Kane, Pa., is in a position to set excessive prices on paintbrush handles. Is it possible to give credence to a statement of this kind in face of the facts set forth on page 2 of our brief of the 20th, to the effect that there are no less than 10 old, well-established paintbrush handle manufacturing concerns engaged in this industry, with capital ratings from \$5,000 to \$1,000,000 and over and including such nationally known concerns as the Piqua Handle Co., of Piqua, Ohio, and the Pittsburgh Plate Glass Co.?

In the third paragraph the Rubberset Co. state that during the past five years the number of American manufacturers has increased, and they argue therefore that the business must be an increasing and prosperous one. They do not, however, make reference to the number of manufacturers who have gone out of business during this period, such as the Baltimore Handle Co., that went out of business only a few days ago, and the S. E. Overton Co., of South Haven, Mich., that retired during the past year.

In the list of paintbrush handle manufacturers referred to above all of these concerns have been in business for a number of years, with the possible exception of the Wm. M. Ives Co., of Baltimore, and the Battenkill Handle Co., of West Arlington, Vt.

A further statement is made to explain the keen competition existing in the handle industry in this country by saying that the competition is all between firms in the United States: "That when one suffered, the business of the others increased," and citing the C. E. Bradley Corporation of Brattleboro, Vt., as an example, saying that this firm was comparatively unknown in the year 1922.

It is only necessary to point out that about that time the handle industry was investigated by the Tariff Commission, and the C. E. Bradley Corporation had a factory and an industry large enough to be selected by the Tariff Commission as one of the three American plants to be examined so that the statement that it was practically unknown in 1922 is clearly contrary to the facts, as it was founded in 1870.

It is only fair, however, to say that there are a number of new concerns springing up from year to year in the handle industry as in all other manufacturing, but none of the newer concerns have attained large proportions or made any substantial headway, and the larger share of these new concerns have failed with surprising regularity.

It is very clear that the correct explanation of the keen competition undoubtedly existing in the handle industry of the country is not entirely explained by competition among American manufacturers only.

Another important statement in paragraph 3 of the Rubberset brief points out that Holgate Bros. Co., of Kane, have since 1922 lost a large percentage of their business to the C. E. Bradley Corporation of Brattleboro, Vt., and yet in the brief filed by the Rubberset Co. with the Ways and Means Committee of the House they make the statement that these two firms: "by mutual understanding and agreement, are in a position to control and dictate the selling price of the handles and assume monopolistic control over the whole domestic market to the detriment of the large-scale paintbrush manufacturers who are entirely dependent upon these firms for their handle supplies."

Further, that these two firms: "in the spring of 1928, by mutual agreement, decided upon an advance of 10 per cent in the selling price of paint brush handles."

In other words, the Rubberset Co. in their brief to the House allege that Holgate Bros. Co. and the C. E. Bradley Corporation, by mutual agreement exercise monopolistic control over the whole handle industry, to the detriment of the brush industry; and in their brief submitted to the Senate, paragraph 3, they plainly state that the C. E. Bradley Corporation have grown in a few years at the expense of Holgate Bros. Co., and now hold a position second in the industry. Surely there can not be any very objectionable cooperation between two concerns where such keen competition exists.

The Rubberset Co., in paragraph 4 of their brief, seemingly take the position that because the Baker Brush Co., of New York, are manufacturers of soft-hair brushes, their importations of handles for these brushes has nothing to do with the question under consideration.

Is it possible that the Rubberset Co. do not know the facts in this connection, namely, that the tariff on paintbrush handles covers not only the handles that are imported from Canada, but also the round pencil handles for soft-hair brushes imported by the Baker Brush Co. and many other American brush manufacturers from Germany and other countries of Europe, practically all of which, those from Canada as well as from Europe, being formerly made in the handle factories of the United States; and, further, are they not aware that when the door to Canadian importations is held open by a lower tariff to benefit importers from Canada that the flood of cheaper handles from Germany can and will come in and has been coming in for the past three or four years, so that these round handles formerly made for the brush industry almost exclusively in the United States are now bought almost as exclusively from Germany.

The Rubberset brief, in paragraph 4, further explains the depression existing in recent years in the brush industry and particularly in the business of the Baker Brush Co., claiming that it is due to the introduction of spraying and spray guns as a means of applying finishing materials, but this ignores the plain statement of the Baker Brush Co. itself in its letter of March 30, 1929, paragraph 3, in which they point out that they have imported during the last three years between 500,000 and 700,000 handles.

This explanation also ignores statistics and data placed before the House in the brief of the American Brush Manufacturers Association, page 10, paragraph 2, reading:

"Importation of paint and varnish brushes and hair pencils in 1925 totaled 6,167,423. In 1927 the number increased to 30,231,576. Of that total, 12,410,856 were paintbrushes and 17,820,720 hair pencils."

It is fair to assume that the Rubberset Co., as an active member of the American Brush Manufacturers Association, should be familiar with the above, and must realize that if this great flood of cheap brushes, every brush of which carries a handle into the country, could be reasonably restricted or reduced that the depressed brush industry would be very materially revived, and further, the Rubberset Co. seemingly wish to set up a hair-splitting distinction between brushes that apply paint and the round or pencil brushes that are often used for lacquer, varnish, and other finishing materials, entirely oblivious of the fact that millions of hair pencil and similar brushes are sold each year with paint sets in schools and to artists, showing that they are very properly classified by the law and customs officials as coming under the tariff act in the same classification as the handles which the Rubberset Co. import from Canada.

In paragraph 5 the statement is again made by the Rubberset Co. that the importation of artists' brushes by the Baker Brush Co. and others has no bearing upon the subject under discussion "because handles in these imported made artist brushes are insignificant in value as against the completed brushes."

The reasoning here is not very clear. The round handles made in Germany are sold at very low prices, it is true, but they were, until a few years ago, made in American handle factories and by American workmen, and while the dollar-and-cent value of these importations is not impressive, yet the curtailment of the industry in the United States, and the number of American working men and girls thrown out of a job is correspondingly large.

In paragraph 6 objection is raised in the Rubberset brief to a statement previously made in the handle manufacturers' brief to the fact that importations from Canada prior to 1926 did not amount to more than \$1,000 annually, and the position is taken by the Rubberset Co. that this was clearly and intentionally misleading "because customs reports and records are available to prove that this statement is untrue as shown in the next paragraph."

Again, we would quote from the disinterested report of the United States Tariff Commission that was prepared a few weeks ago especially for the use of the Ways and Means Committee, page 962, quoted at length in this brief, and please note that it is here pointed out that paintbrush handles were not specifically mentioned in importation classifications prior to November 13, 1926. Beyond that there was no record available to anyone outside of the Rubberset Co., and therefore the figures that they have given in paragraph 7 setting forth the importations from Canada, etc. are wholly their own figures, and are not based on customs reports.

In fact, it is quite in order here to point out that the figures given in paragraph 7 of the Rubberset brief are quite at variance to the official figures given in the report of the Tariff Commission just referred to (see p. 11 of this brief) and also at variance to the figures received yesterday from New York showing that the total importations of brush handles from Canada for the year 1926 was \$1,565; for 1927, \$12,781; for 1928, \$21,505, and it will be noted that the Rubberset Co. claim to have received in 1928 \$26,443.43 worth of handles while the customs records show that duty was paid on but \$21,505.

The report of the handle manufacturers was made up using as authority for these figures the summary of information made up by the United States Tariff Commission, but it is only fair to point out that the amount given for importations in 1926 covered only a part of November and December, and doubtless there was a greater total of importations during this year and previous but there was no official record made.

In paragraph 8 the meaning is not clear, but we are assuming that the Rubberset Co. intended to say that they have no importations of heavy paint and varnish brushes or handles from countries other than Canada, and we will accept that statement to be correct and true, but it is followed with the statement that American brush manufacturers are in no danger and do not need for their protection an increase in duty on paintbrush handles.

We would merely say that if it is of any advantage for the Rubberset Co. to import their handles from Canada while other American brush manufacturers are not importing their handles, to that extent they are enjoying an advantage over other American brush manufacturers. Of this there can be no doubt whatever. If it is of no advantage to them to import handles from Canada, then it is exceedingly difficult to understand why they persist in keeping up the practice.

Paragraph 9 states that the Rubberset Co. can not afford to import all their handles from their plant in Canada—that they import only certain kinds not used by other manufacturers in this country, but again they overlook the fact that when the tariff is reduced so as to admit these special handles, it is also kept low on all other types of paintbrush handles to the detriment, first, of the paintbrush handle industry in the United States, and secondly, to the detriment of the American brush industry, of which the handle industry is an important part.

In answer to paragraph 9A, item 1, it has been clearly shown in the foregoing that artists' brush handles, round pencil, soft-hair brushes, come under the same classification so far as the tariff is concerned, and pay the same duty as do the handles imported by the Rubberset Co., from Canada.

Item 2. Careful rereading of the brief submitted to the Ways and Means Committee, and the brief submitted to your committee under date of June 20 fails to show where we have made a comparison of war-period conditions which could be in the least misleading.

Item 3. Not only have American handle manufacturers experienced more serious competition from abroad during the last 5-year period, but we have actually lost in toto what was hitherto an important part of the handle industry; that is, the round turned, pencil, polished, and plain lacquering, and similar handles that are now bought almost exclusively in Germany. The Baker Brush Co., 83 Grand Street, New York City, and Devoe & Reynolds Co., 1 West Forty-seventh Street, New York City, are leading manufacturers of these lines of brushes, and the statement made above can be easily verified.

Item 4: The objection raised to labor-rate comparisons is most unfortunate for the Rubberset Co., who have been pinning their faith all along to the so-called investigation of the handle industry made in 1923, for these figures were taken from the report of the commission, page 4, and private investigation shows that about the same comparative conditions now exist between wages paid in factories in the United States and those in Canada; that is, we are paying approximately 25 per cent higher wages.

Item 5—"Lumber rates:" The statement made that minimum Canadian lumber prices seem to be used for comparison with maximum American lumber

prices is made without the slightest supporting evidence. It is a fact well known to the committee that many New England manufacturers as well as manufacturers in the northern cities of the country generally draw on Canada for a considerable percentage of their timber and lumber supplies, and there is only one reason that would explain such purchases, and that is that either a higher grade of lumber is secured, or the same grade at a lower price.

Item 5 also makes the statement that Holgate Bros. Co. and the C. E. Bradley Corporation own considerable timberland so that their lumber cost, which is the greater part of a paintbrush handle, is considerably lower than the lumber cost to their Canadian factory.

Holgate Bros. Co. do not own a single acre of timberland, and the C. E. Bradley Corporation, while they own some timberland, yet they are compelled to depend upon the open market for a large percentage of their lumber purchases, much of which is bought in Canada.

Item 6: The statement is made that keen competition among American handle manufacturers does not exist, and yet in the very same document, paragraph 3, they point out that a large percentage of the handle business of Holgate Bros. Co., of Kane, was taken away from them by the C. E. Bradley Corporation, and admit that there is a condition of keen competition among United States manufacturers.

Item 7 is correct. The Canadian factory of the Rubberset Co. is undoubtedly now on a par with similar factories in the United States, and in the brief presented to the House Ways and Means Committee, page 9, paragraph 4, it will be seen that this fact is set forth in the following:

"Since the reduction in the tariff, by order of the President in October, 1926, what followed is only what could reasonably be expected. The handle factory at Gravenhurst improved its machinery and methods and by using trained men from the handle factories in the United States was soon able to put the plant in an excellent condition of efficiency, so that it is able, having the advantage of cheaper labor and cheaper lumber as already pointed out, to undersell the American factories by quite a little margin."

It will be noted that the handle manufacturers merely pointed out that when the investigation was made in 1923 by the Tariff Commission, the Canadian plant having been but a short time in operation was comparatively crude and inefficient, and this agrees with the report of the commission.

Further referring to Schedule 1, paragraph 9A, of the Rubberset brief, it is interesting to note the rapid increase from a little over \$500 in 1927, under 15 per cent duty, to \$42,000 in 1921; also, the average for the five years when a 15 per cent duty was applicable is \$13,592.89, while the average importations during the 4-year period beginning 1922, when 33½ per cent applied, was \$46,494.55, showing a very substantial increase, and also that the 33½ per cent duty did not deter handles from coming into the country.

Paragraph 10 of the Rubberset brief suggests narrowing the discussion to the various paintbrush handles used in paintbrushes, but they fail to give us a working definition of what constitutes a paintbrush or a paintbrush handle.

The handle manufacturers are not so much concerned with these technicalities. We are willing to accept the classifications as made, and the law as already written, in which neither paintbrush handles or handles that are used in any other kind of brushes are mentioned, and the more or less protracted references to this imaginary distinction throughout the Rubberset brief seems to us to be wholly out of place.

We are asking for such a clause in the tariff bill as will adequately protect our industry, and our industry now makes, and has made for years, the handles used in all kinds of paintbrushes, varnish brushes, pencil brushes, lacquering brushes, white-wash brushes, stippling brushes, and we are just as much interested in securing protection on any one of these as we are on the remainder, and we can see no good sensible reason why the tariff should not apply as at present, equally to all styles of brush handles.

Paragraph 11 is composed largely of erroneous statements. Reference is made to the investigation by the United States Tariff Commission, the report upon which was submitted to the President in 1926, and under date of October 24 of that year the duty was reduced by presidential proclamation from 33½ per cent to 16½ per cent, but as set forth in the brief submitted to the House Ways and Means Committee, this investigation was made in 1923 and the results of the investigation were so much in doubt on the part of the committee that it was held until 1926 without decision or recommendation to the President, and when

finally the report was made in 1926, only a few of the members who were present at the original hearings were present to sign the report.

Between the time that the investigation was made and the report and recommendation presented to the President conditions in the industry had materially changed. The Canadian factory had become an efficient unit and Germany had entered the field of competition, shipping in large quantities of round turned, pencil, and other handles.

These changed conditions requiring further tariff protection are clearly set forth in the summary of tariff information prepared a few weeks ago on the tariff act of 1922, by the United States Tariff Commission.

Please be referred to pages 962 and 963 of this pamphlet, and it will be seen that since the inauguration of the 16½ per cent rate of duty in 1926 importations of handles have increased from \$17,534 in 1927 to \$30,557 in 1928, or an increase in importations in a single year of over 74 per cent.

Statements in this paragraph to the effect that prices were advanced by Holgate Bros. Co., of Kane, from 5 per cent to 50 per cent on March 26, 1929, and by C. E. Bradley Corporation, April 1, 1929, are without any foundation whatever.

It is the custom in the industry for handle manufacturers to submit new price lists in April or May of each year and new lists were submitted as usual during these months, but there were really more reductions made in the various handles quoted at that time than there were advances.

An advance was made in 1928, but the maximum was 8 per cent—not 10 per cent as claimed in the Rubberset brief, and no general advance was made in prices in 1929. It is true that a very limited number of handles were increased slightly in price, but the number of reductions in prices in the lists of the leading brush manufacturers was so much greater that the prices of 1929 taken as a whole show substantial reductions as shown in the copies of letters sent out by Holgate Bros. Co. accompanying the price lists for 1929. These copies are attached.

The Rubberset Co. all through their brief do not seem to be able to remember that the investigation by the United States Tariff Commission of the handle industry was made over six years ago, and even if it were a true representation of conditions at that time—which it was not—it would be decidedly an unsafe guide to follow at this time with so many changes in competitive conditions now confronting American manufacturers.

A single paragraph here may not be out of place, touching the investigation and report of the Tariff Commission in 1923 and 1926. The Rubberset factory at Gravenhurst, Ontario, Canada, was the only Canadian factory investigated. It had been but recently established, and as the report will show, was inadequately equipped, at that time, with only partially trained employees. It is not too much to say that the factory at that time, was not well-organized and certainly lacked experience as compared with the three long established and well equipped American factories. These American factories were those of the Rennous-Kleinle division of the Pittsburgh Plate Glass Co., Keene, N. H.; the C. E. Bradley Corporation, Brattleboro, Vt.; and Holgate Brothers Company of Kane, Pa.

In the American factories at that time, because of efficiency, well-trained employees, and improved machines, costs were low as compared with costs in the newly established Rubberset factory at Gravenhurst. The report of the commission page 4, clearly sets forth that the American factories were paying 23 per cent higher wages than were paid in the Canadian factory.

Prices given for lumber also show that the American factories were paying higher prices. Nevertheless, costs were lower in the American factories for reasons of efficiency, improved machines, etc., as set forth above. Largely because costs were found to be lower in the United States than in Canada, the report of the commission was in favor of reducing the tariff. The Rubberset Co., in paragraph 14, is correct in stating that the report shows that the domestic costs were lower than Canadian costs, but for reasons of inefficiency on the part of the Canadian plant, as explained above.

The Canadian plant, as set forth in paragraph 9A, item 7, is now on a modern, efficient basis, and is able to ship handles into the United States at a materially lower delivery cost than they can be furnished by domestic factories.

The necessity for farm relief legislation recently enacted, and for the readjustment of many tariff schedules affecting manufacturing industries in the East are largely made necessary because of changes that have taken place since the Fordney-McCumber Act of 1922 went into effect. Therefore, if it is right to allege changed conditions as justifying tariff legislation for farm relief and industry generally at this time it is certain wrong to shut our eyes to the changed

conditions in the handle industry merely because a tariff investigation was made six years ago and a rate determined based on its findings and it would be just as fair to set forth the conditions in agriculture six years ago as a guide for tariff legislation at this time as it is to refer to this old Tariff Commission investigation.

The manufacturers of paintbrush handles are assuming that what the committee are interested in at this time is present-day conditions affecting the industry and in our brief filed with your committee on the 20th instant, we have attempted to set forth as clearly as may be the very dire need of tariff protection if this industry is to survive.

It is characteristic of the Rubberset brief that statements are made without any regard for facts, notably paragraph nineteen, in which it is written that material costs have not changed the relative conditions to any material extent, but the author of this brief seems to have forgotten that the original investigation set forth that we were paying more than 23 per cent higher wages than they were in Canada and a materially higher price for lumber in the United States than in Canada.

Going on in this same interesting paragraph the Rubberset brief reads:

"The fact that importations of handles from Canada fell off considerably for the years 1926 and 1927 coupled with the fact that domestic prices were advanced 10 per cent early in 1928 plus a further increase in 1929 indicates that conditions if changed had changed in favor of the domestic handle manufacturers."

That reads well, but it is not true. (See par. 2, p. 9 of this brief.)

That is not all the error in this remarkable paragraph. Please refer to page 962 of the Summary of Tariff Information, prepared a few weeks ago specifically by the Tariff Commission for the use of the Committee on Ways and Means in the House of Representatives.

For the convenience of the committee we copy the imports of paintbrush handles for the years 1926, 1927, and 1928. Please observe that there was no reduction whatever as referred to in the Rubberset brief, but actually the imports increased from \$1,943 in 1926 to \$30,557 in 1928.

"Imports.—Paintbrush handles were not specifically mentioned in import classification prior to November 13, 1926. Import statistics are shown in the following table:

Calendar year	Rate of duty	Value
	Per cent	
1926 (Nov. 13-Dec. 31).....	16 $\frac{3}{4}$ %	\$1, 943
1927.....	16 $\frac{3}{4}$ %	17, 534
1928.....	16 $\frac{3}{4}$ %	30, 557

Please note that the above quotation and figures are taken from a disinterested report recently prepared by the Tariff Commission for the use of the Ways and Means Committee.

Paragraph 21: How the Rubberset Co. expects your committee to accept the unsupported statement that an investigation of handle costs would show the "absolute costs in paintbrush handles in Canada are higher than in the United States," is difficult to comprehend. Why does the Rubberset Co. persist in keeping a handle factory established in Canada where it costs more to manufacture handles than it does in the United States—and that in face of the fact that they claim to use in their Newark plant 90 per cent of their Canadian production. At once the thought arises, "why not manufacture these handles in the United States"?

Paragraphs 22, 23, and 24 continue the emphasize the same thought that it is more expensive to manufacture handles in Canada than in the United States, and nothing further need be said in reply to such statements as we are confident the committee will realize the false foundation upon which such argument rests.

Paragraphs 26, 27, 28, and 29 are to the effect that there is a special line of handles used in rubber bound brushes which the Rubberset Co. import from Canada because there is no American manufacturer that can make them, though it is a well known fact that these handles for rubber-bound brushes were made and supplied the Rubberset Co. by an American handle factory for a period of 25 years prior the the establishment of the Canadian factory.

If the statements made in these paragraphs were accepted; namely, of low prices quoted by domestic firms, still the question persists why the Rubberset Co. will insist on having those handles made in Canada at a higher cost than they could be made at home.

Beginning with paragraph 30 and continuing through 31, 32, 33, 34, 35, 36, 37, and 38, the Rubberset Co. sets forth their objections to the bill under consideration and the previous tariff bill as affecting handles. They suggest that new schedules be set up which will enable this company to continue to import at a low tariff rate or free of duty, handles of foreign manufacture.

Perhaps the Rubberset Co. may be right and that separate schedules for each and every grade and variety of brush handles, necessities and luxuries, toilet brushes, etc., might a little more nearly fit each case, but when the endless variety of subjects for which it is necessary for Congress to draft a tariff act is considered, we do not see how it is possible to avoid having a few basket clauses in use.

The manufacturers of brush handles are perfectly willing to leave the changes to be made in the House bill now under consideration with the Senate committee and Senate. We come to you only to state as clearly as we can the conditions in our industry and to ask that the very moderate protection of 33½ per cent as now provided by the House bill, H. R. 2667, shall have your approval.

Paragraph 39: Here the Rubberset Co. goes back to one of their favorite fallacies, stating that American handle costs are lower than foreign costs. This is so absurd in the face of the very large importation of handles from Germany and the taking over of a great share of the American industry by German factories that it is not necessary to take the time of the committee by any further refutation.

Paragraph 40 also contains another oft-repeated but groundless statement of the Rubberset Co. to the effect that the Bradley Corporation and Holgate Bros. Co. controlled from 75 to 90 per cent of the industry, that they are continually advancing the prices of handles, etc. These statements are entirely groundless as shown by the numerous well-established concerns that have been making brush handles in the United States for the past 40 or 50 years.

Paragraph 41 makes the statement that no other wooden paintbrush handles are imported into the United States except by the Rubberset Co.; also that Germany exports only completed brushes for artists. Both of these statements are clearly untrue, as the reports of the customs department will clearly show. (See letters attached to our brief of the 20th from L. J. Mahoney, chief, section customs statistics.) The letter also attached to our brief of June 20, from the Baker Brush Co. shows that they have imported during the past three years not less than 500,000 handles to be used in the manufacture of brushes.

The hair-splitting distinction between a brush used for applying varnish, lacquer, stain, and paint is one that the Rubberset Co. seem to want made and yet they haven't told us what a paintbrush is. They forget the fact that paintbrushes are not mentioned either in the Fordney-McCumber Act of 1922 or in House bill now under consideration by the committee and the Senate, and this distinction even if made, would not mean anything whatever unless the schedules were rewritten covering these items. The duty, as the measure is now written, would apply just as well to pencil handles as it would to paintbrush handles provided they were made of wood.

Paragraph 45 again repeats the statement that the Rubberset Co. imports from its Canadian plant only special numbers and sizes unobtainable here and because at times domestic deliveries are temporarily delayed or unsatisfactory. We have already replied to this showing the statement is without foundation; that the special handles required for rubber-bound brushes were supplied by an American manufacturer for at least 25 years before the Canadian factory was established, and it seems strange that the Rubberset Co. alone among all the large brush concerns, finds the deliveries of the various American factories so poor that they have to go up to Canada to build a handle factory of their own.

Paragraph 47 is a particularly interesting one, for it reads:

"We hereby go on record to the effect that we will not now or at any future time import handles from our Canadian plant into the United States except for use in our own factory in Newark, N. J., and will not offer our Canadian handles for sale to any concern in the United States, but will confine our Canadian handle importations to our own use exclusively so that there will be no direct competition with the domestic paintbrush-handle market."

If they are entitled to this consideration at the hands of Congress why is not every other brush manufacturer entitled to have a handle factory in Canada or in Germany or wherever they please to have it; and the result of such an arrangement would be the collapse of the handle industry in this country. There are at least a half dozen other brush manufacturers in this country who make more brushes and therefore use more handles and would according to the reasoning of the Rubberset Co. have a claim to the privilege of importing without paying any duty

There is probably not a large manufacturer in the country but would be delighted to give to Congress the same assurance as contained in paragraph 47 of the Rubberset brief, if given the privilege of importing their raw materials under a reduced tariff duty and if it is fair to grant this privilege to the Rubberset Co., why not make the rule general? Why not give the same privilege to every other brush manufacturer, to every manufacturer of cutlery, furniture, clothing, or whatnot?

Importing manufacturers generally do not import for the purpose of selling the raw material to their competitors. They are interested only in securing a cheaper source of supply so that the proposition set forth by the Rubberset Co. is unthinkable if the principle of the protective tariff is to be maintained. But, there is one further fact that should not be overlooked even if the committee decide to accept in good faith the assurance of the Rubberset Co. that they will not sell their products to any brush manufacturers in this country and therefore, refrain from entering into competition with local handle manufacturers. What steps will the Rubberset Co. take to prevent brush handles from entering the country from Germany as they are now doing to the very serious injury of the domestic handle industry?

In other words, as the bill is now written the tariff can not be reduced for the special advantage and benefit of the Rubberset Co. without serious injury to the handle industry of the United States as well as giving an unfair advantage to the Rubberset Co. over the above other manufacturers of brushes in this country.

It should not be overlooked that the recent settlement of the international debt question at the hands of the Young committee is certain to have a very marked effect on industrial activity in Germany.

Funds will be supplied largely from the United States that will enable the German manufacturers to install the latest machines and equipment in all lines of manufacturing, including that of brush-handle making and though German handle manufacturers have made serious inroads on the American handle industry in the past three years, there can be little question but the quickening of industry, due to new capital that will be supplied to Germany, will make the condition of the American manufacturers exceedingly difficult in the near future unless materially greater protection is accorded, and we are hopeful therefore that your committee will not consider the reduction of the 33 $\frac{1}{3}$ per cent tariff accorded the industry in House bill 2667.

This tariff is really inadequate to meet present day competition, particularly from German sources, but it will help, and with it the American manufacturers will do their best to retain within this country as large a part of the handle industry as possible.

All of which is respectfully submitted.

BREWER MANUFACTURING Co.,
 RAY E. COLLETT.
 WM. M. IVES Co.,
 WM. M. IVES.
 C. E. BRADLEY CORPORATION,
 I. C. BRADLEY.
 HOLTGATE BROS. Co.,
 W. H. DAVIS.
 PITTSBURGH PLATE GLASS Co.
 MAHLE & SON.

STATEMENT OF H. D. F. FEDDERSON, REPRESENTING THE RUBBERSET CO., NEWARK, N. J.

(The witness was duly sworn by the chairman of the subcommittee.)
 Senator COUZENS. Will you state whom you represent?

Mr. FEDDERSON. I am comptroller of the Rubberset Co., of Newark, N. J.

Senator COUZENS. Do you represent only one concern?

Mr. FEDDERSON. Yes, sir.

Senator COUZENS. Your own concern?

Mr. FEDDERSON. Yes, sir.

Senator COUZENS. You may proceed.

Mr. FEDDERSON. We have already filed our brief before the Ways and Means Committee. That covers the subject of paintbrush handles.

Senator COUZENS. This is just a repetition, then, of that?

Mr. FEDDERSON. No; I have an additional brief here which answers some of the questions that came up in the Ways and Means Committee.

Senator COUZENS. If you desire to file a brief, it will be filed, and it will get just as far as if you read it.

Mr. FEDDERSON. I have no intention of reading it. I just wanted, if I may, to give you the salient points of our position.

Senator COUZENS. Are the points all covered in your brief?

Mr. FEDDERSON. Most of them are; yes.

Senator COUZENS. If you will give those that are not in your brief we will be glad to hear them. We do not care to have anything that is in your brief, because that will be only repetition.

Mr. FEDDERSON. The main point is that we are the only ones who import paintbrush handles from our plant in Canada, and we import them in very small quantities. There is no competition.

In the other briefs they stated that paintbrush handles came in from foreign countries, such as Germany and Japan. This is not so. There are no importations from Germany, and none from Japan or any other countries.

Senator COUZENS. Is there any tariff on those under the existing law?

Mr. FEDDERSEN. The present tariff is 16% per cent.

Senator COUZENS. They have raised it to what?

Mr. FEDDERSEN. They have raised it to 33%.

Senator COUZENS. You oppose both rates?

Mr. FEDDERSEN. We ask that paintbrush handles be placed on the free list, because the customs officials made an investigation in 1926, on our application, and they found there that the Canadian costs were from 5 to 8 per cent higher than the United States costs. The conditions prevailing then were practically the same as they are at the present time. In fact, it is more favorable to the United States now than it was in 1926.

This is proven by the fact that paintbrush handle manufacturers in the United States have raised their prices twice since then.

Senator COUZENS. And your contention is that there is no competition from the plant that you own in Canada?

Mr. FEDDERSEN. No; because the amount is so small. We imported only 10,000 or 20,000 a year.

Senator COUZENS. Are there any other plants in Canada that are shipping in here?

Mr. FEDDERSEN. Every paintbrush manufacturer in Canada makes his own handles.

Senator COUZENS. Are they exporting any of them to America?

Mr. FEDDERSEN. No; none whatever.

Senator COUZENS. So that you state that the only export coming from Canada is what your company exports?

Mr. FEDDERSEN. Exactly.

Senator WALSH of Massachusetts. What per cent of the total American consumption is that?

Mr. FEDDERSEN. I have not the exact figures, but I should say it would be less than one per cent. Before the tariff was reduced to 16½ per cent it was 23½ per cent. That was from 1922 up to 1926. During that period we imported the peak importation, about \$56,000. Since we received the reduction we have still been unable to compete. Our prices were higher and our importations have fallen down to about \$18,000 a year.

Senator WALSH of Massachusetts. Was the reduction in 1926 a presidential reduction, under the flexible provisions of the tariff?

Mr. FEDDERSEN. Yes. President Coolidge signed the proclamation.

Senator WALSH of Massachusetts. What reduction did he make?

Mr. FEDDERSEN. He gave us the maximum of 50 per cent—that is, reducing it from 23½ to 16½.

Senator WALSH of Massachusetts. Now the House has recommended returning to the old rate?

Mr. FEDDERSEN. Yes. The findings during the 1926 investigation really entitled us to a further reduction, but, of course, the limit in the law was 50 per cent.

The costs in Canada are from 5 to 8 per cent higher, so that there is really no need for any protection.

Another thing is that we import only for our own use and the heavy percentage of the handles from Canada are handles that go into a brush that we are the only manufacturers of. Nobody else in the world manufactures that kind of brush.

Senator WALSH of Massachusetts. What is that brush called?

Mr. FEDDERSEN. It is called the Rubberbound brush. Instead of the usual metal that holds the bristles and the handle together, we have it bound in rubber.

Senator WALSH of Massachusetts. Is it used for different purposes than the American made brush, or the other brushes made here?

Mr. FEDDERSEN. This brush is made here, the same as the other brushes, but we get the handle from Canada.

Senator WALSH of Massachusetts. Does it compete with the other brushes made here?

Mr. FEDDERSEN. No.

Senator WALSH of Massachusetts. Has it a distinct use of its own?

Mr. FEDDERSEN. Yes.

Senator WALSH of Massachusetts. What it is?

Mr. FEDDERSEN. In this way, that you can use that brush around electrical fixtures, where a metal bound brush would perhaps cause short circuits, so that it is used in large plants like the Western Electric Co., and other electric concerns, or industrial plants, to a certain extent.

Senator WALSH of Massachusetts. You claim, then, that your brush is distinctive from the other brushes that are made in America?

Mr. FEDDERSEN. We do; yes, sir.

Senator COUZENS. Is that all you have to say?

Mr. FEDDERSEN. That is all.

Senator COUZENS. Do you desire to file a brief?

Mr. FEDDERSEN. Yes, sir.

Senator COUZENS. The brief may be filed. Are there any other questions?

(Mr. Feddersen submitted the following brief:)

BRIEF OF THE RUBBERSET COMPANY, OF NEWARK, N. J.

Reference is had to hearings before the Ways and Means Committee, Volume IV, schedule 4, pages 2772-2807, and as herein expressly provided, paragraph 413.

1. The briefs submitted by Holgate Bros. Co., Kane Pa. and Bradley Corporation, Brattleboro, Vt. are misleading and erroneous, obscuring and distorting the actual conditions appertaining to the paintbrush-handle industry in the United States and Canada.

2. Holgate Bros. Co., Kane, Pa., is in a position to set excessive prices on paintbrush handles manufactured by them, because they make the most varied line, as witnessed by the fact that their increases have been greater and more frequent, and this, despite the fact that they are recognized as having the most efficient and up to date paintbrush-handle factory in the United States, if not in the world.

3. The claim in the statement of J. E. Henretta, representing the C. E. Bradley Corporation of Brattleboro, Vt., and Holgate Bros., of Kane, Pa., that American paintbrush-handle manufacturers during the last five years have been confronted with constantly increased competition from foreign manufacturers, is misleading and untrue, because there are more paintbrush-handle manufacturers in this country since the tariff act in 1922 was passed than before and the total number of paintbrush handles manufactured now is far greater than the total number of handles manufactured by them prior to 1922. It is very possible that one or more of the paintbrush-handle manufacturers in this country have suffered during these years, but it was only because of competition among the United States manufacturers themselves and new manufacturers of these handles coming in, and where one suffered the business of the other increased. One instance cited is the C. E. Bradley Corporation of Brattleboro, Vt., who was comparatively unknown to the paintbrush manufacturers in the year 1922, but whose business has grown by leaps and bounds to its present standing in the United States of second in the paintbrush-handle industry, the Holgate Bros. Co. of Kane, Pa., still being first, despite the fact that most of the business of the C. E. Bradley Corporation of Brattleboro, Vt., was formerly had by the Holgate Bros. Co. of Kane, Pa.

4. The greatest competition the paintbrush handle manufacturers have had is the spraying system, applying paint with spray guns, that is now being used, as against the former system of applying paint, varnish, and lacquer with brushes, and it is this spraying system which is the cause of the decrease in business of the Baker Brush Co. (Inc.), of New York, a letter from which company was offered in the report of J. E. Henretta, and the decrease in business of the Baker Brush Co. (Inc.), of New York, had nothing to do whatsoever with the paintbrush handles brought into the United States from Canada. The Baker Brush Co. (Inc.), of New York, was effected only by the spraying system now being used extensively in this country on automobiles especially. The Baker Brush Co. (Inc.), of New York having been merely manufacturers of soft hair brushes, which were used to varnish automobiles. Now that this business is being done by spraying machines the Baker Brush Co. (Inc.), of New York, have suffered in their sales of soft hair brushes, and perhaps to the extent mentioned in their letter, to the C. E. Bradley Corporation of Brattleboro, Vt., which letter was offered to the committee, and is reported in the tariff adjustment act of 1929.

5. The artist brush business of the Baker Brush Co. (Inc.), of New York, is also affected to a large extent by the importation of artists' brushes from Germany. In this also the paintbrush handle matter now at issue in regard to duty on handles from Canada, has no bearing and tends to confuse issue because handles in these imported German-made artist brushes are insignificant in value as against the completed brushes, the labor on brushes, or hair and bristle in these brushes being major item. The two letters from Baker Brush Co. (Inc.), of New York, offered in evidence by J. E. Henretta in their brief merely tends to confuse, and has absolutely no bearing on the issue.

6. It is claimed by J. E. Henretta representing paintbrush handle manufacturers in the United States, that the importation of paintbrush handles from Canada to the United States did not amount to more than \$1,000 annually, before the duty was reduced to 16 $\frac{3}{4}$ per cent, which went into effect October 14, 1926. This statement by J. E. Henretta is misleading and meant to confuse because custom's reports and records are available to J. E. Henretta to prove that this statement is untrue, as shown in the next paragraph.

7. Attached hereto is copy of importations of brush handles made by Rubberset Co. of Newark, N. J., from our own company in Canada, for the past four years and record also of our purchases from handle manufacturers in the United States; which latter purchases have always been far in excess of our handle importations from our plant in Canada.

Handle purchases by Rubberset Co., Newark, N. J.

	1925	1926	1927	1928
Holgate Bros. Co.....	\$19,914.41	\$59,608.51	\$42,267.73	\$23,802.88
Bradley, C. E., Corporation.....	28,597.60	17,088.70	24,730.72	28,856.62
Stevens Co.....			349.38	788.03
Sundries companies.....	4,302.30	2,686.50	2,026.25	1,768.61
Total.....	52,814.31	79,383.71	69,374.08	55,211.14
Canada.....	37,611.60	18,387.34	10,911.91	26,443.43
Total.....	90,425.91	97,770.05	80,285.99	81,654.57

8. In heavy paint and varnish brushes we have no importations from foreign countries whatsoever, and it is because of the cost of the material which is the greatest component part of these brushes that they can not be imported into this country in competition with American-made goods. The duty on these purchases does not allow importations against American-made goods. This paragraph is brought out to prove that American brush manufacturers are in no danger and do not need for their protection an increase in duties on paintbrush handles.

9. It is for the reason that the lumber in the heavy paintbrush handles is the greatest part of the cost of the paintbrush handles that we, the Rubberset Co., can not afford to import all our handles from our own plant in Canada, and it is for that reason that our handle purchases are greater in the United States than that which we bring in from our factory in Canada. The majority of the handles that are brought in from our own factory in Canada are handles not used by other paintbrush manufacturers in the United States as they are used in a style of brush manufactured by the Rubberset Co. exclusively.

Their statements are incorrect and obscure and tend to confuse the issue of paintbrush handles in the following points:

1. Bringing into their briefs artist brush handles from Germany and ebony and other precious wood handles from Japan, such handles being used exclusively in luxury toilet brushes and have no connection with paintbrush handles.

2. Comparing war-period conditions, which were abnormal, with present-day conditions is useless and of no value.

3. Their statement that American handle manufacturers during the last five years have met increased competition from foreign manufacturers, the reverse is actually the case, see schedule No. 1, listed below, showing that importations of paintbrush handles actually declined during the period, because 16½ per cent duty is still excessive.

4. *Labor rate comparisons.*—Apparently minimum Canadian labor rates are used for comparison with maximum American labor rates.

5. *Lumber rates.*—Minimum Canadian lumber prices seem to be used for comparison with maximum American lumber prices.

American paintbrush handle manufacturers, namely, Holgate Bros. Co., Kane, Pa., and the C. E. Bradley Corporation, Brattleboro, Vt., own considerable timberland, so their lumber cost, which is the greater part of a paintbrush handle, is considerably lower than the lumber cost to our Canadian factory which owns no timberland.

6. The keen competition experienced by American handle manufacturers does not exist. In the spring of 1928 domestic handle prices were increased 5 to 50 per cent according to quantity ordered and a further advance was put into effect March 26, 1929.

7. Comparison of factory economy in Canada as against American factory efficiency, their statements are absurd and without foundation. Canadian factories are as efficiently conducted as the American plants.

SCHEDULE NO. 1.—Canada handle importations

Year	Amount	Duty	Year	Amount	Duty
		<i>Per cent</i>			<i>Per cent</i>
1917.....	\$508.36	15	1924.....	\$37,747.37	33½
1918.....	3,547.98	15	1925.....	37,611.60	33½
1919.....	9,903.62	15	1926.....	18,386.34	16½
1920.....	11,259.77	15	1927 (corrected amount).....	10,911.91	16½
1921.....	42,834.72	15	1928 (corrected amount).....	26,443.43	16½
1922.....	53,903.43	33½	1929, Jan. 1 to May 31.....	13,449.18	16½
1923.....	56,715.80	33½			

10. In going into actual present-day conditions surrounding the domestic paintbrush handle market compared with foreign markets, particularly Canada, we desire to establish the facts as they are and confine discussion to the various paintbrush handles used in paint brushes of different kinds, excluding all reference to handles used for other purposes which have no connection whatsoever with the paintbrush industry.

11. An investigation was made by a United States commission, and as a result of such investigation the tariff of 1922 was reduced from 33½ to 16½ per cent on the paintbrush handles imported from Canada. This was the maximum reduction allowed under the law. The reduction of tariff was made under date of October 14, 1926, since which time the only change in the situation has been greatly to the advantage of the American manufacturers, because Holgate Bros. Co., of Kane, Pa., have made two increases in their price list of paintbrush handles since the date the above tariff act went into effect. One increase in price was made on March 28, 1928, and the second increase on March 26, 1929, which increases ranged from 5 to 50 per cent. Holgate Bros. Co., of Kane, Pa., manufacture the most varied line of paintbrush handles in the United States, and can, therefore, more or less, demand any price they choose. The increase of C. E. Bradley Corporation of Brattleboro, Vt., was made on April 1, 1928, which was approximately 10 per cent. All the other paintbrush handle manufacturers followed the two leaders and increased their price for paintbrush handles to paintbrush manufacturers. All these increases were greatly to the disadvantage of the paintbrush manufacturers including the Rubberset Co., and it affected the Rubberset Co., even though they have a handle factor in Canada, from which factory they import some special paintbrush handles, because the bulk of the handles used by the Rubberset Co., are bought from United States paintbrush handle manufacturers.

12. The facts and figures and findings contained in Exhibit 1, on page 2787, Report on Paintbrush Handles, September 29, 1926, set forth clearly and conclusively conditions in Canada and the United States, the information has been gathered by the United States Tariff Commission who at that time made an exhaustive investigation both domestically and in Canada to ascertain actual conditions in the paintbrush handle industry.

13. It is undoubtedly a fact that the information contained in that report constitutes the only available incontrovertible facts attested to by the United States Government officials and used as a basis for an adjustment of the duty from 33½ per cent ad valorem to 16½ per cent ad valorem.

14. In this report it states clearly that unweighted domestic costs are 5 per cent over than Canadian costs (p. 2793).

15. On page 2795 of this report Table 5 brings out the fact that the simple average of the absolute cost data shows that domestic costs are as much as 8 per cent below the Canadian costs.

16. The recommendation of the commissioners was that the duty of 33½ per cent ad valorem be reduced to 16½ per cent ad valorem which was the limit of reduction permitted under section 315 of the tariff act of 1922.

17. The actual facts disclosed by the investigation, showing that domestic costs are below Canadian costs from 5 to 8 per cent, would warrant a ruling placing paintbrush handles on the free list.

18. No material changes in conditions since the above investigation of 1926.

19. Labor and material costs have not changed the relative conditions to any material extent, the fact that importations of handles from Canada fell off considerably for the years 1926 and 1927 coupled with the fact that domestic prices were advanced 10 per cent early in 1928 plus a further increase in 1929 indicates that conditions if changed had changed in favor of the domestic handle manufacturers and to the detriment of Rubberset Co.'s Canadian plant.

20. We believe that the United States Tariff Commission report of 1926 should be used as a basis for determining the new tariff rate and if additional and later information is desired further Government investigations should be made to supplement the report of 1926.

21. The final result would be the finding that absolute costs on paintbrush handles in Canada are higher than in the United States.

22. The object of duties being to equalize the difference in costs of production in the United States and the foreign competing country.

23. Foreign costs in this case being higher, there is no necessity for any protective duties and paintbrush handles should be placed on the free list.

24. We have pointed out that our importations of handles from Canada have covered handles for our own use exclusively and none of these handles have been placed on the domestic market so that there has been no competition with domestic handle manufacturers.

25. The investigation of costs of handles imported from Canada contained in the report of 1926 shows that Canadian costs are higher than domestic costs. In making these comparisons consideration should be taken of the fact from 30 to 40 per cent of the handles imported by us from Canada are handles used in paintbrushes known as rubber-bound brushes. This is an exclusive line with the Rubberset Co. We are the only ones that make rubber bound paint brushes and special handles are used in that line, that is, handles designed and constructed differently from the ordinary wooden handles on which metal ferrules are used.

26. This line of brushes are in limited demand and are principally sold to industrial plants. Their sales volume is limited and advantage lies in the fact that being rubber bound they can be used with safety around electrical equipment and connections where a metal ferrule would probably cause short circuits.

27. The domestic manufacturers are not equipped to make these rubber-bound handles, and furthermore have no extensive market for these handles and, therefore, are unable to produce them in large quantities, preferring to concentrate on the regular paintbrush handles that are universally used in all paintbrush manufacturing plants.

28. They have, therefore, quoted us excessive prices on these rubber-bound handles out of all proportion to their prices for other paintbrush handles and out of all proportion to actual manufacturing costs.

29. For these reasons we have imported this line of handles from our Canadian plant who use the same line of handles for their own trade and are, therefore, equipped to make these handles on an economic basis.

30. The facts are, therefore, that some 30 to 40 per cent of the paintbrush handles imported from Canada do not in any way conflict or compete with domestic manufactured paintbrush handles and when comparisons in costs are set up between the two countries this line of rubber-bound handles should be excluded in order to arrive at the true comparison of costs on regular paintbrush handles which are manufactured both in Canada and in the United States and universally used in both countries. If investigations were narrowed down to these universally used paintbrush handles, it would be found that the Canadian costs would be still higher than the United States costs, than that found by investigation of 1926, and that there would, therefore, be still less reason for protective tariff and consequently more reason for placing paintbrush handles on the free list.

31. We have already advocated that paintbrush handles be placed on the free list and would like herewith to amplify our reasons for this still further.

32. Paragraph 410 reads as follows: "Spring clothespins, 15 cents per gross; house or cabinet furniture wholly or in chief value of wood, wholly or partly finished, wood flour, and manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for, 33½ per centum ad valorem." This paragraph has been changed to paragraph 413.

33. This is a paragraph into which has been grouped various manufactures of wood, regardless of their other qualifications. Some of the articles under this paragraph are luxurious, others are necessities sold in quantities and it is not fair that these two classes of goods should come under the same paragraph and pay the same duty. We believe that this paragraph should be broken up into several paragraphs, classifying them in importance and grouping them according to their nature and utility.

34. There is no question that at least two new paragraphs could be established, one listing all the items which enter into luxury articles and another paragraph listing the items which classify as necessities used in large quantities. Paragraph 1, luxury items, etc., as in present paragraph 413. Paragraph 2, paintbrush handles.

35. Items which would come under the heading of luxuries would be household or cabinet furniture, hair and toilet brush handles. On furniture and woods used for hair and toilet brushes expensive woods are generally used and these articles come under the heading of luxuries. We believe on these items the higher rate of duty could be determined mainly on the grounds that these articles are luxuries.

36. Another paragraph should consist of paintbrush handles exclusively—that is, wooden handles used in paintbrushes of various descriptions and natures such as paintbrushes, kalsomine brushes, varnish brushes, sash tools, and other brushes used in industrial plants. All of these articles are everyday necessities used extensively in households, industrial and other plants, and in building trades. They should, therefore, be placed on the free list, particularly as the foreign price is undoubtedly higher than the domestic price, as already stated.

37. We believe that in making two paragraphs out of the present paragraphs 410 or 413 the two classifications could be handled on a much fairer basis than when all these various articles are placed in one paragraph regardless of the varying conditions under which they are manufactured and the various purposes for which they are intended.

38. Paintbrushes are an absolute necessity used extensively in every home, in every industrial plant, and in every house or structure erected, and the same, of course, applies to part of it, the handle. Such articles, should, therefore, be placed in consumers' hands at the very lowest price possible and we can see no reason why a protective tariff should be applied to this article as foreign costs are higher.

39. On the other hand, the domestic handle manufacturers are so few that they are able to dictate their own terms to their customers, the brush manufacturers. Furthermore, their costs are lower than foreign costs for the same article so that they are not in need of protection.

40. We trust, therefore, that all these factors will be taken into due consideration and that the final decision as to duties applicable to paintbrush handles will be based on the actual findings as disclosed by the Tariff Commissioners' report of 1926 supplemented by any later data that may be deemed necessary in order to ascertain what changes have occurred in the handle industry since the 1926 report was made. If this is done, there is no question about the final conclusions which will be that paintbrush handles could be placed on the free list without detriment to anyone and to the decided advantage of the vast field of users of brushes in the United States to whom paintbrushes are an everyday necessity, because it will prevent the possibility of continual advances of paintbrush handles by domestic handle manufacturers, because 75 to 90 per cent of paintbrush handle production in this country is controlled by Bradley Corporation and Holgate Bros. Co.

41. No other wooden paintbrush handles are imported into the United States except those from Rubberset Co. (Ltd.), Canada. Germany only exports completed brushes for artists.

42. The only comparisons of value are, therefore, the relative costs of Canadian and American paintbrush handles.

43. These costs we found to be from 5 to 8 per cent higher in the United States than in Canada as disclosed by the official investigation of 1926.

44. Comparative costs and conditions at present are practically unchanged or slightly favorable to domestic market. Evidently, therefore, no protection is necessary.

45. Rubberset Co. only imports from its Canadian plant special numbers and sizes unobtainable here and at times numbers on which domestic deliveries are temporarily delayed or unsatisfactory. The bulk of our handle requirements are confined to the domestic markets.

46. Furthermore, we have no intention to change this policy now or in the future.

47. We hereby go on record to the effect that we will not now or at any future time import handles from our Canadian plant into the United States except for use in our own factory at Newark, N. J., and will not offer our Canadian handles for sale to any concern in the United States but will confine our Canadian handle importations to our own use exclusively so that there will be no direct competition with the domestic paintbrush handle market.

48. We know that the action of C. E. Bradley Corporation and Holgate Bros. Co. in filing briefs containing statements both erroneous and misleading has been taken purposely to obstruct and prevent our Canadian importations which

would place them in complete and absolute domination of the entire domestic brush manufacturing business, an unwholesome condition which would adversely affect the industry.

49. We trust, therefore, that our brief will be given earnest and fair consideration.

RUBBERSET Co.,
By O. W. ALBRIGHT, Jr.,
President, Newark, N. J.

FURNITURE

[Par. 413]

STATEMENT OF ROBERT W. IRWIN, GRAND RAPIDS MICH., REPRESENTING THE NATIONAL FURNITURE MANUFACTURERS' ASSOCIATION

[Including works of art, par. 1804, and antiques, par. 1806]

(The witness was duly sworn by Senator Couzens.)

Mr. IRWIN. I represent the National Furniture Manufacturers' Association.

When it was announced that a new tariff bill was to be written by the present Congress, a committee, of which I have the honor to be chairman, was appointed by the National Association of Furniture Manufacturers to present the needs of the furniture industry in the matter of an increase in the existing tariff.

This committee was later authorized to act on behalf of the following associations:

Furniture Manufacturers Association of Grand Rapids, Mich.; Rockford (Ill.) Furniture Manufacturers Association; Furniture Manufacturers Association of Evansville, Ind.; Furniture Manufacturers Association of Jamestown N. Y.; Chicago (Ill.) Furniture Manufacturers Association; Southern Furniture Manufacturers Association, and also on behalf of other manufacturers not affiliated with these organizations.

Senator COUZENS. Will you tell us what the purpose of these associations that you represent is?

Mr. IRWIN. They are trade associations in the furniture industry.

Senator COUZENS. And what percentage of the industry do they cover?

Mr. IRWIN. That would be but an estimate on my part, Senator, but I would think they cover 80 per cent of the industry.

Senator COUZENS. What is the financial status of the industry? Is it profitable or unprofitable?

Mr. IRWIN. Very unprofitable at the present time.

Senator COUZENS. What is the reason for its unprofitableness?

Mr. IRWIN. The highly competitive condition within the industry, and we think it is in part due, on the higher grades, to foreign competition.

Senator COUZENS. Have you any statistics to show whether there has been any increase in importations in the last few years?

Mr. IRWIN. Yes, sir; we have.

Senator COUZENS. Are those incorporated in your brief?

Mr. IRWIN. They are.

Senator COUZENS. Are you going to submit a brief, independent of what you have to say to the committee?

Mr. IRWIN. We had not thought of doing so. I have a statement here which I would like to present to the committee.

Senator COUZENS. Have you anything to say to this committee that was not said to the Ways and Means Committee of the House?

Mr. IRWIN. Yes, sir.

Senator COUZENS. We do not desire to have a repetition of what was said before the Ways and Means Committee. You can avoid that.

Mr. IRWIN. No; I have no thought of doing that.

Senator COUZENS. We only desire new information, because, of course, the House hearings are available.

Mr. IRWIN. We have tried to base our statement upon that theory.

Senator COUZENS. You may proceed.

Mr. IRWIN. We also speak for the welfare of 186,000 wage earners employed in 3,200 furniture factories located in 42 States.

We ask for the following changes in the pending bill:

1. Paragraph 413, Schedule 4, be changed to make the duty on furniture 60 per cent.

These numbers I took from the Ways and Means Committee's report. I have not a final copy of the bill, and I am not sure whether the paragraph numbers are the same.

Senator THOMAS. What is the duty now?

Mr. IRWIN. Thirty-three and a third per cent. The proposition in the House bill was 40 per cent.

Senator COUZENS. You say you have not the House bill schedules?

Mr. IRWIN. This is made up from the Ways and Means Committee's report with the schedule numbers from that report. I did not have a copy of the final bill as it was passed.

Senator KEYES. Is not that paragraph 413, Schedule No. 4?

Mr. IRWIN. I think so.

Senator COUZENS. As we have it here, paragraph 413 refers to clothes pins, furniture, wholly or partly finished, molders' pattern, bent-wood furniture, and so forth.

Mr. IRWIN. I think it is in that paragraph.

Senator COUZENS. Will you look at paragraph 413 and see if it covers what you have in mind? You will find it on page 105 of the print of the House bill.

Mr. IRWIN. Yes, sir; it is in paragraph 413.

Senator COUZENS. Then you may proceed.

Mr. IRWIN. That in paragraph 1806, Schedule 16, the word "furniture" be inserted after the word "except" in the first line, so that the words in parentheses will read "except furniture, rugs, and carpets."

Senator COUZENS. Are these articles now on the free list that you are mentioning?

Mr. IRWIN. Yes, sir.

Senator COUZENS. They are not in this schedule.

Mr. IRWIN. They are in Schedule 16.

3. That in paragraph 1804, Schedule 16, the word "furniture" be inserted in the third line after the words "works in."

In each instance the relief sought is to correct a substantial slackening of activity during the past few years, with a consequent decrease in employment and wages.

In each instance the relief sought will protect American industry and labor without raising common price levels upon American fur-

niture by a single penny. In other words, we ask protection which will save our domestic situation but not at the expense of the ultimate buyers of American furniture.

We respectfully ask that the statements made by the members of our committee to the Ways and Means Committee of the House of Representatives, and our brief filed with that body, be considered by your honorable committee.

Senator COUZENS. I would like to have you make the point there, how you can increase the costs or prices so you can get on a more profitable basis without increasing the cost to the consumer.

Mr. IRWIN. I said on American-made furniture. The only increase there will be to the consumer is the difference between the American cost of manufacture of the furniture which is made which will replace that which is now coming from abroad and that which is made abroad; but so far as raising the price level of American-made furniture as it exists to-day it will have absolutely no effect, because that price level is controlled by the highly competitive conditions which exist within the industry.

Senator COUZENS. I understand, then, that the product you produce is not affected as to price by importations, but only as to quantity.

Mr. IRWIN. Yes, sir.

Senator COUZENS. In other words, the American price does not have to compete with the foreign price?

Mr. IRWIN. It has to compete, and it does, but we can not meet that competition; our price has to be regulated by the rest of this country.

Senator COUZENS. Then you will have to raise the price of the material to make a profit, will you not?

Mr. IRWIN. Of course, we are always endeavoring to get a proper price for our goods, but in our prices we are controlled by the competitive conditions among manufacturers in this country, and we can not, naturally, lower our prices to meet foreign competition because those prices would be less than cost, and where we compete with foreign furniture at such prices we have to let the foreign manufacturer take the business.

Senator THOMAS. Then according to your proposition it will be necessary to raise the tariff sufficiently high to prevent the importation of competitive articles?

Mr. IRWIN. To make a tariff which will cover the difference between the cost here and there, to give protection to American manufacturers.

Senator THOMAS. At the present time furniture abroad is very cheap?

Mr. IRWIN. Yes, sir.

Senator THOMAS. And these furniture companies abroad can bring the stuff here and pay the existing tariff and sell for less than you can make it and sell it and make a profit?

Mr. IRWIN. I assume they are going to make a profit.

Senator THOMAS. Then in order to protect them effectively it will be necessary to make the tariff exceedingly high, and in effect, make practically an embargo, to the extent, or so far as your basic price is concerned to enable you to get along; is that correct?

Mr. IRWIN. Only such an embargo as is made by the tariff on any commodity, to represent the difference in wage cost between here and abroad.

Senator THOMAS. According to your position, if such a tariff should be levied, stopping the importation of competitive articles, it would not necessarily mean you would raise the price of your furniture, but you would get the American market which is now going to foreign factories?

Mr. IRWIN. Absolutely; that is exactly the condition.

Senator COUZENS. It means then that those American citizens who buy foreign goods would have to pay more for those goods?

Mr. IRWIN. Yes, sir; if they bought foreign goods, and we figure if they had to pay very much additional price they would buy the American goods because there is nothing made in foreign countries that can not be made in this country.

Senator COUZENS. Have you any difficulty in getting foreign costs?

Mr. IRWIN. No; we have quotations, and I think we have quite complete statistics showing comparative costs, both on the labor and the selling price. I expect to cover that in my statement.

Senator THOMAS. To what do you attribute the fact that furniture can be made cheaper abroad than in America?

Mr. IRWIN. The difference in the cost of labor, largely. The manufacture of furniture is very largely labor, very largely hand labor. There is very little machinery, or automatic machinery used in the manufacture of fine furniture, and the difference in cost between one factory and another is regulated almost entirely by the difference in the rates of wages paid.

Shortly after it was announced that the present Congress would write a new tariff bill, our committee sent abroad a practical furniture man, Mr. Jack Brower, of the Brower Furniture Company, of Grand Rapids, to investigate manufacturing conditions in the countries whose competition is becoming so disastrous to manufacturers in this country. Mr. Brower did not finish his investigation until after our case had been presented to the Ways and Means Committee.

The conditions which Mr. Brower found in the several countries in which he investigated the industry strongly bear out our previous investigation.

There is no gainsaying the fact that foreign competition has already become a very serious menace to the manufacturers of furniture in this country, especially to the makers of the higher grades of furniture. It has already taken a very substantial part of the market on these goods and bids fair, unless there is an increase in the rate of duty, to put the majority of high-grade manufacturers in this country out of business.

Because of the diversification and overlapping of grades in which furniture is made, it is impossible to gather accurate statistics showing the exact percentage of the market in the United States which foreign manufacturers have already captured and the consequent number of American workmen who have lost their jobs as a result of this competition.

It is a notorious fact that the furniture industry is in the "doldrums" at the present time. There has never been a time within my experience in the business, which goes back nearly 40 years, when the entire industry has been at a lower ebb than it is at this time.

I think that the results of the business of the Grand Rapids companies for 1928 give a good indication of the lack of prosperity in the industry. The combined profits of the industry in Grand Rapids,

which is the largest furniture center in the country, were not over twice the amount which those same companies paid in local taxes. The average profit was somewhat less than 3½ per cent on the capital invested. It can not, of course, be said that all of this lack of prosperity was due to foreign competition, but the figures will show that foreign competition has already made great inroads on the higher grades of furniture and in part does account for the lack of prosperity in the industry.

Government statistics show that the total volume of furniture manufactured in this country is about \$800,000,000. This includes all kinds of furniture, from the lowest to the highest grades. In the Government statistics there is no classification as to grades.

I have been actively engaged in the manufacture of the highest grade of household furniture for about 30 years and am quite familiar with the condition that exists in this country, both as to the character of goods made and as to the approximate output of the various manufacturers making the grades of furniture comparable to that which is being imported. It is my judgment that the total amount of furniture manufactured in this country of the higher grades which are comparable to the furniture which is being imported does not exceed from thirty to forty million dollars.

Importations from abroad have been increasing each year for the last seven or eight years. The total amount imported last year was close to \$5,000,000, which is an increase of about 60 per cent since the present tariff law was written. The great majority of these importations were in the higher grades of furniture. These importations represent a reproduction cost in this country of at least \$15,000,000.

In addition to these importations there must be taken into consideration the importation of antique furniture both genuine and synthetic. There are no Government statistics on the value of goods of this character, which are coming into this country absolutely free of duty. Furniture stores and decorative shops in all of the large centers are filled with this kind of furniture. We have evidence of the exportations of alleged antique furniture from one section of one country which approximated \$8,000,000 in 1928. If that amount was imported into the United States from a section of one foreign country, it is fair to presume that from all the countries in Europe at least 15,000,000 of alleged antiques came into the United States last year.

Senator COUZENS. You testified before the Ways and Means Committee that the imports from 1927 were \$4,653,000.

Mr. IRWIN. I said approximately \$5,000,000.

Senator COUZENS. What were you saying concerning \$15,000,000?

Mr. IRWIN. I was referring to the antiques, to the alleged antiques, of which there is no record by our Government of the value of the importations.

Senator COUZENS. Were they included in the \$4,653,000?

Mr. IRWIN. No; there is no Government record of the value, but, as I say, we have evidence of the exportation from one section of one country, which is estimated at \$8,000,000 for 1928.

Senator COUZENS. Under what schedule would these antiques have come in in 1927? Would they be on the free list?

Mr. IRWIN. They would be on the free list, over 100 years old.

Senator COUZENS. When these goods come in on the free list, you mean there is no value put on them?

Mr. IRWIN. No, sir.

Senator COUZENS. Not by the Government, not by the Department of Commerce?

Mr. IRWIN. No, sir.

Senator COUZENS. How do they arrive at the value of the imports?

Mr. IRWIN. I do not know.

Senator COUZENS. They have a generally published statement of imports every year, and I do not see how they can arrive at the value of the imports if they place no value on these antiques.

Mr. IRWIN. I do not know, but I know of no record of the value of the imports of antique furniture.

Senator COUZENS. Will you look that up again, because I am sure there must be some value somewhere.

Mr. IRWIN. Yes, sir.

Senator THOMAS. On antique furniture, if it is over 100 years old, and it can be so shown, it comes in free?

Senator COUZENS. But they must place a value on it, otherwise they can not get the value of the imports. They must have some figure.

Senator THOMAS. Is there much demand in this country for antique furniture?

Mr. IRWIN. Yes, sir.

Senator THOMAS. In the event that a tariff should be placed on antiques, how would we arrange to meet that demand, just pay more for antiques, or would you go into competition by making antiques as they do in Europe?

Mr. IRWIN. We can make the same character of antiques as they do over there, if they want them that way. They are being fooled to a very large extent.

Senator THOMAS. It is a fact that we are competing more or less now with Europe in making antiques in this country?

Mr. IRWIN. Not to any great extent. There are a few made in this country.

Senator THOMAS. There are antiques produced in Washington; it is one of the most profitable businesses in this section of the United States.

Mr. IRWIN. I mean in total volume it would not be very much.

Senator THOMAS. The class of folks who buy antiques are not the average citizens, are they? Is it not the wealthier class, especially the fastidious class?

Mr. IRWIN. Yes.

Senator THOMAS. There is no reason why, if they want antiques they should not have them, if they want to pay for them.

Mr. IRWIN. Yes, sir.

Senator COUZENS. You would not approve of this furniture 100 years old or older coming in free?

Mr. IRWIN. We feel, if they are to come in free, there is no method by which they can be classified, because you can not tell whether a piece of furniture is 100 years old or 100 days old, the way they are able to reproduce it.

Senator COUZENS. Have you any information as to the division or proportion between genuine antiques and synthetic antiques?

Mr. IRWIN. No, we have not.

Senator COUZENS. So whatever you say about that is just a guess?

Mr. IRWIN. Yes, sir; except that we do know that genuine antiques that have a history, and have real large value—sell for very fabulous prices, where there is a real history connected with them.

Senator COUZENS. If they do not sell for those prices, your assumption is they must be synthetic?

Mr. IRWIN. Possibly not in all cases, but we know that the bulk of them are synthetic because we have had investigations made in Europe, and have seen them making them.

Senator COUZENS. I think the committee would like to know what the statistics are with respect to this importation of genuine and synthetic antiques.

Mr. IRWIN. According to the figures we could obtain, I think it would surprise everyone as to the volume there is. I think we have some figures from the consular reports, which I will present, that will demonstrate that is true.

Senator THOMAS. Is it not a fact that it is the antiques of very high value that are the ones Americans are looking for and are willing to buy?

Mr. IRWIN. Yes.

Senator THOMAS. They are not looking for cheap antiques?

Mr. IRWIN. Some are; but the collector is not. The collector is looking for the genuine. In other words, to have a chair made by Chippendale is to have an article which has real true value, historic value as well as artistic value.

Senator THOMAS. In the manufacture of furniture, do you not use a very large amount of mirrored stock, plate glass, mirrored stock?

Mr. IRWIN. Quite a considerable amount.

Senator THOMAS. Where do you get that stock?

Mr. IRWIN. It is largely made in this country. Some of it comes from abroad.

Senator THOMAS. Do the American factories, as a rule, patronize American glass institutions that make and sell mirrors?

Mr. IRWIN. I think the large bulk of it is bought in this country. We never have bought from other than American manufacturers ourselves.

Senator THOMAS. Mirrors are very much more plentiful in foreign countries. They seem to be about the cheapest thing they have there, and I was wondering whether you patronize foreign establishments.

Mr. IRWIN. We do not. We buy all American-made mirrors.

Adding this twelve millions to five millions of strictly new furniture imported, of which we have Government figures, makes a total importation of around \$17,000,000. These figures are based upon foreign selling prices. If these prices are equalized with the cost to manufacture the same furniture in this country, it would indicate a volume nearly as large as the present production in this country of a comparable quality of goods. In other words, foreign manufacturers have already captured 40 to 50 per cent of our market on the higher grades of goods. This could not have been done without a corresponding loss to manufacturers and laboring men in the United States.

Senator COUZENS. You stated that the furniture industry, as I recall, produced \$800,000,000 worth of goods?

Mr. IRWIN. Yes, sir.

Senator COUZENS. These figures you are giving us as to the importations do not materially affect that enormous volume of business?

Mr. IRWIN. No; but we estimate that the amount of goods made in this country of a comparable quality or grade is only from thirty-five to forty million dollars.

Senator COUZENS. How do you arrive at that figure?

Mr. IRWIN. By my best judgment in reviewing the market, and my 30 years' experience in making this particular grade of goods.

Senator COUZENS. So out of a total aggregate furniture business of approximately \$800,000,000, there is only thirty-five or forty million dollars involved in the grade you are interested in?

Mr. IRWIN. There is about thirty-five or forty million dollars worth manufactured in this country of the \$800,000,000 that is of a grade that is comparable to the grade of imported furniture, and the importations of that grade of furniture as new furniture and as antiques nearly equals in volume the production in this country. So I say in my judgment the foreign manufacturers under the low tariff and the free list under which these synthetic antiques, as we call them, have come in, have captured substantially 50 per cent of the American market for high-grade furniture.

Senator COUZENS. You are only speaking with respect to that thirty-five or forty million dollars worth?

Mr. IRWIN. Yes.

Senator COUZENS. You are not having any reference to any other class of furniture?

Mr. IRWIN. No, sir; I am not.

The daily papers in the metropolitan sections are constantly carrying advertisements by furniture dealers announcing the receipt of large importations of foreign-made furniture. We can furnish copies of these advertisements which are substantiating evidence of our statement of the inroads that have been made upon the business by foreign competition.

The manufacture of fine furniture does not lend itself to mass production methods of many other lines. Art is the basic keynote of its production. Fine furniture can not be made under mass production methods any more than fine pictures or other works of art can be made under that system. There is no automatic machinery used in the production of fine furniture. Its building is largely by hand labor and its production cost will vary in direct proportion to the rates of wages paid to the workingmen. At equal wages American manufacturers can compete with any country in the world, but we can not compete and pay our labor four times as much as is being paid by foreign competition.

According to the Government records the average wages in the countries of France, Belgium, Italy, and Czechoslovakia, the countries whose competition we are feeling the most, are not more than 15 cents per hour. Data gathered by Mr. Brower on his trip to Europe confirms these figures. Permit me to quote from one of our consulate's report from Czechoslovakia. We desire to call your attention to the large amount of antique furniture, some genuine but mostly synthetic, which is coming into this country absolutely free of duty, and which is replacing furniture that should be made by workmen in this country

Apprentices are required to work four years without pay, or with very nominal compensation. According to information obtained from local labor organizations, the minimum wage scale is as follows: For laborers during the first year after apprenticeship, 2.70 crowns per hour (approximately \$0.97); second year, 3.36 crowns (\$0.09); third year, 3.78 crowns (\$0.11); and fourth year, 4.94 crowns (\$0.14) per hour. Carvers receive during the first year after apprenticeship 4.20 crowns (\$0.12) per hour; during the second year, 6.62 crowns (\$0.19) per hour. Artisans in furniture factories receive from 5.78 to 6 crowns (\$0.17-\$0.18) per hour. Artisan carvers are paid from 7.35 to 7.77 crowns (\$0.21-\$0.22) per hour.

Senator COUZENS. Are you going to compare those with American wages?

Mr. IRWIN. Yes, sir.

Senator COUZENS. Do you take into account the purchasing power of the monetary unit?

Mr. IRWIN. According to what I saw in a paper I received this morning there is not such a vast difference in purchasing power.

Senator COUZENS. Your contention is that 15 cents here does not purchase any more than 15 cents in these other countries?

Mr. IRWIN. I am not prepared to say.

Senator COUZENS. Of course, you admit that would have to be figured out to get the comparable wage?

Mr. IRWIN. But not so far as competitive conditions are concerned. I do know that the manufacturers there are getting labor on an average of 15 cents an hour, and that we can not compete in this country and pay 60 cents unless there is a tariff that bridges the gap.

Senator COUZENS. Have you taken into consideration the productivity of the Czechoslovakian and other foreign workers?

Mr. IRWIN. I do not think there is such a difference in the productivity of this character of work.

Senator COUZENS. How much difference, do you suppose?

Mr. IRWIN. I would hardly be qualified to make an estimate on that. Mr. Brower, the investigator we sent abroad to look into that matter, tells me those men are apparently working just as hard and producing as much as our workmen here.

Senator COUZENS. You do not think that our standard of living and our higher wages make the men more efficient than they are in the lower wage countries?

Mr. IRWIN. I would not want to say that. I know it makes them much happier and more contented to have better conditions for doing their work.

Senator COUZENS. Does not that tend to greater efficiency?

Mr. IRWIN. I think it would help a good deal. I would not want to say there is not a higher degree of efficiency; I am not familiar enough with it to make a statement which I have no way of substantiating.

From another consul we have rates of wages in Italy which show that skilled workers received from \$1.40 to \$1.50 per day and ordinary workers from 50 cents to \$1 per day.

From another consulate we have the rates of wages in France of from 15 to 27½ cents per hour.

The rates of wages to the furniture trades in Belgium in January of this year were approximately as follows:

	Cents per hour
Cabinetmakers.....	18
Carpenters.....	17
Parquet makers.....	17
Wood carvers.....	21
Upholsterers, male.....	17
Upholsterers, female.....	11
Woodworking apprentices.....	04
Ordinary laborers without training in the furniture trade.....	11

These figures were all furnished by our investigator and by the consuls representing this Government. They are not of our own gathering, other than through these sources. Our wages are substantially four times those paid in these countries.

The average wage in Grand Rapids, including women, is about 58 cents per hour. In our own factory it is 62 cents per hour. In other words, the American furniture worker, who is receiving around 60 cents per hour, is competing with foreign labor being paid 15 cents per hour on the average. That is to say, the average wage in Grand Rapids, including women, is about 58 cents per hour; in our own factory, making a comparable line of goods to that which is being imported, it is to-day about 62 cents per hour. In other words, the American furniture worker who is receiving around 60 cents per hour is competing with foreign labor which is being paid 15 cents per hour on the average. The average of all these is 15 cents per hour, and the average previously made, according to Government statistics filed here, figure 15 cents per hour, so one checks with the other.

Senator THOMAS. What class of goods does your factory produce?

Mr. IRWIN. We make very high-grade household furniture that stands as high as any that is made in the United States.

Senator THOMAS. Will you put in the record a few of the articles on which you specialize?

Mr. IRWIN. We make bedroom suites, dining-room and living-room furniture, including a line of upholstered furniture for living rooms.

Senator THOMAS. But not any office furniture?

Mr. IRWIN. I am associated with another company, the Macey Co., of Grand Rapids, which makes a very high-grade line of office furniture.

We had 55 pieces of imported furniture estimated by American manufacturers making a like grade of goods and these estimates showed that the cost to manufacture in this country, on the average, was a little more than three times the foreign selling price.

In view of the conditions as outlined, we respectfully ask that the rate of duty on furniture be fixed at not less than 60 per cent that the American manufacturer and the American workman may retain at least the bulk of the market of this country.

Senator COUZENS. Have you any views as to the different methods of valuation, the United States method, the American method, or the foreign valuation method?

Mr. IRWIN. I would like very much to see the American method of valuation. I do not know whether it is practical in operation, but from the standpoint of the manufacturer it would be a better method.

Senator COUZENS. Then the rates would have to be scaled down very materially, would they not?

Mr. IRWIN. Yes; I should think they would.

Senator COUZENS. It would have to be done scientifically.

Mr. IRWIN. Absolutely.

Senator COUZENS. Have you any views as to the relative merits of the American method and the United States method?

Mr. IRWIN. No; I have not. I do not know enough about handling the work coming in as to whether or not it would be practical to value this furniture; I think it would be quite a task.

Senator THOMAS. Do you think the American factory should have the benefit of the entire American market?

Mr. IRWIN. Yes; I think eventually it should.

Senator THOMAS. You sell a lot of furniture to men who work in the automotive industry, do you not?

Mr. IRWIN. Yes, sir.

Senator THOMAS. Suppose that this condition should arise, that we would get our tariff rates so high that foreign nations would organize against us, as they have been and are doing, and they commence trading among themselves and refuse to trade with us, for two reasons, first, because of the inhibition or embargo, practically, and, second, through a desire to bring about a lower tariff. Such an embargo would practically stop the exportation of a very large amount of American made goods and thereby decrease the output of American factories, and thereby throw out of employment great numbers of American laborers. Would not that affect your business?

Mr. IRWIN. Possibly. Of course, you have propounded to me a large economic question, and I do not know whether I am qualified to answer it.

I do feel, Senator, that the theory of the protective tariff, which covers the difference in the cost of manufacture in this country and abroad, is, in a large measure, the reason why we have the prosperity in this country that we have. I think it is largely accountable for the higher standard of wages and of living of the workingmen in the United States, as compared to those abroad, and that is illustrated by the comparative wages they receive in the furniture industry in these countries and in the United States.

The rate we have asked for will not entirely shut out the importations of foreign furniture. It still leaves them a very material differential, and I do not believe the furniture schedule, with the rate of duty we ask for would be one of the factors which cause an embargo by other nations.

Senator THOMAS. Do American factories export any furniture?

Mr. IRWIN. Very, very little. We can not compete with them.

Senator THOMAS. Is it not a fact also, that the increased duties you were talking about will permit increased prices, and make it possible for people in foreign countries, where they can produce those articles to ship them to America and still pay the tariff, and sell in competition with the higher priced goods, and still make money; and the higher tariff in that case does not make any difference?

You want to increase the tariff to 60 per cent. That is practically 100 per cent over and above 33½ per cent.

Mr. IRWIN. Yes.

Senator THOMAS. Naturally, the tendency would be to increase prices?

Mr. IRWIN. Not our prices, locally. It has no relation to that.

Senator THOMAS. That might not be true with furniture, but it is true in other lines.

Mr. IRWIN. In a highly competitive business like furniture, with 3,000 manufacturers in this country, that furniture which is made in this country is going to be sold at the lowest possible price, because in my 40 years of experience there has not been 10 years of the 40 when there was an overproduction or an under consumption, whichever way you want to put it, and the conditions in the business are extremely competitive, and it was only during the conditions following the war in 1919 and 1920 when we had a real heyday in this country for about 18 months.

Senator COUZENS. Do you represent the organization of manufacturers that the Department of Justice charged with fixing prices?

Mr. IRWIN. That organization is not in existence to-day. I was a member of that organization.

Senator COUZENS. I raised the question because it has been suggested by Senator Thomas that if we raise the tariff it will enable you to get together and raise the American prices on American production.

Mr. IRWIN. It could not be done by American manufacturers if they wanted to, with the diversified patterns and grades. In our line alone we have at least 2,500 or 3,000 different patterns of furniture, and that is just one company. There is another company in Grand Rapids that has more than that. They bring out as 1 new line 70 new dining-room and bed-room suites in one season. It is impracticable; it can not be done, and it was not done under the conditions which you refer to in the other organization, and there never was a prosecution by the United States Government, in my humble judgment, that could be better classed as persecution than that action.

Senator COUZENS. I do not want to stir up these things, but what was the evidence that secured the indictment alleging that you did fix a standard of prices, if the goods were of such a varied character?

Mr. IRWIN. The evidence upon which the indictment was based was evidence very largely of letters written by the secretary trying to get new members and to make his job look good. In a few words, that was the basis of the evidence. But the Government in its case did not claim that anything had been accomplished. They did not let us put in the testimony to show what we wanted to show along that line.

Senator COUZENS. They probably did what these associations do that are organized and pay high-class secretaries who maintain their positions and pay a lot of lobbyists and parasites.

Mr. IRWIN. I can give you the work of our Grand Rapids Association. Under our association we operate a car-loading department whereby we operate what we call pool cars to the various principal centers in the United States, thereby making a saving of transportation costs on what would be less than carload loads of furniture. We absorb that cost ourselves so we can sell a single suite of furniture in Atlanta, Ga., or in New York City or in San Francisco and give to the purchaser carload rates, which are very different from less than carload prices or rates, particularly on furniture.

We operate under our organization a mutual company covering our compensation insurance under the State compensation law, thereby having the direct care and responsibility for all men in our employ who are hurt during their employment.

We operate an employment bureau whereby any man out of a job in the city of Grand Rapids—that is, a furniture worker—can go to a central point and ascertain where there is a vacancy.

Senator COUZENS. Do you maintain a black list?

Mr. IRWIN. We do not, absolutely. We maintain no list of employees of any kind whatsoever.

Senator COUZENS. Are wages regulated by union agreement or by competitive bidding?

Mr. IRWIN. By competitive bidding.

Senator COUZENS. In this association do you file and keep a record of wages paid or prices charged by the several companies?

Mr. IRWIN. No, sir; we do not. In this association there is nothing done, or no conference held in reference to prices. That is all individual work. The work record of that association is a wide-open book.

Senator THOMAS. Are the men employed in manufacturing furniture unionized?

Mr. IRWIN. No, sir; not to any extent.

Senator THOMAS. There is no union that represents furniture workers especially?

Mr. IRWIN. No, sir; not that I know of.

Senator THOMAS. You represent the furniture industry in general, do you not?

Mr. IRWIN. I am chairman of the committee appointed.

Senator THOMAS. The entire United States is your field, especially—

Mr. IRWIN. I would say so.

Senator THOMAS. For selling furniture?

Mr. IRWIN. Yes, sir; entirely, so far as the sale is concerned.

Senator THOMAS. Last year we exported goods to the value of \$1,192,000,000. You would not want anything done in regard to furniture or any other manufactured products that would lessen that export value, would you?

Mr. IRWIN. I would not say I would, but I would not, as the result, want to put the high-grade furniture business out of business and thereby take jobs away from the men we have, and make almost valueless our investment of the furniture business.

Senator THOMAS. As long as we have the protective system you want to have your share of it?

Mr. IRWIN. Not my share. We want to be part of it. I think the protective system is the fundamental basis of the system which has brought great prosperity to the United States.

Senator THOMAS. When I say your share, I mean you want to be included in it.

Mr. IRWIN. I feel we ought to be a party to it. I think the labor we employ is entitled to the same protection which labor in other lines is entitled to. You take, for instance, the cabinetmaking trade and many of the other trades. These men have spent a lifetime in this business, and if they are put out of business, where are they going to get employment? The carvers to-day make anywhere from 80

cents to a dollar an hour. If we let carving come in from Italy, for instance, where they pay about a dollar a day, without paying an adequate duty, you are going to drive these men out of the carving trades.

Senator THOMAS. As long as we have this system, you are not opposed to the other institutions sharing in it, to the full extent of the system, or to get the full benefit of the system?

Mr. IRWIN. Not at all.

Senator THOMAS. You think it should be applied to agriculture?

Mr. IRWIN. I do. I am a believer in the tariff system as we have it in this country, so that there shall be a tariff which shall fully take care of the difference in cost of labor in this country and abroad.

Senator THOMAS. You would be opposed to giving any one group an advantage in the system over any other group?

Mr. IRWIN. I do not think it would be fair.

Senator THOMAS. Do you conceive of a possibility, within the range of human frailties, of making this system a just system as among all our people of all our groups?

Mr. IRWIN. I think in the main it has been a just one in the last 25 or 30 years.

Senator COUZENS. Even including the Democratic administration?

Mr. IRWIN. It was not so just when they reduced it to 15 per cent. In the case of furniture, whenever you reach a duty of 300 per cent you would shut out foreign competition, but you would not affect the sale price of American-made furniture one-sixteenth of 1 per cent. There would be absolutely no effect on it because of the local competitive condition. Of course, as the Senator said, if the industry was such that a few owners could take advantage of the price that would be another condition, but in this industry it can not be done.

Senator THOMAS. Do I understand you to say that you thought the tariff was a just tariff and is now a just tariff?

Mr. IRWIN. I did not say that. It may be just in part and it may be unjust in others. I do not qualify as an expert on all of these schedules. I know it has not been the theory of the furniture manufacturers because 33½ per cent of the price was made the measure of the difference in cost.

Senator THOMAS. The House bill gives you a raise of 33½ to 40 per cent.

Mr. IRWIN. Yes.

Senator THOMAS. You say that is not a sufficient raise to protect you as other industries are being protected?

Mr. IRWIN. I do not think it does. It does not anywhere near measure the difference in the cost and will not appreciably decrease the amount of imported furniture that comes into this country.

Senator THOMAS. How much should it be raised, 60 per cent?

Mr. IRWIN. Sixty per cent. That 60 per cent does not still anywhere near measure the difference that we think should be the rate of duty.

Senator THOMAS. What should it be, in your opinion, to do you justice?

Mr. IRWIN. If you wanted absolutely to shut out foreign furniture so that American-made furniture may exclusively dominate the market, 125 to 150 per cent.

Senator THOMAS. Would you recommend that?

Mr. IRWIN. I would not want to say that I would. We asked for it before the Ways and Means Committee. We first submitted a figure, and asked them to fix a rate of duty that they thought was right. We did not ask in the first instance for any specific rate of duty. They then insisted that we name a rate of duty and we named it, which, according to our figures, we thought measured the difference in cost.

Senator THOMAS. I am trying to demonstrate a point I thought you admitted. The present law is 33½, the House bill gives you 40, and you are asking for 60 in this bill but you think that ought to be 125. If we do not give you 125, in your judgment, will you be treated as you think you ought to be treated?

Mr. IRWIN. I do not say that.

Senator THOMAS. You are not being treated as you think the furniture people ought to be treated by being on a just parity with other manufacturing groups.

Mr. IRWIN. No; I do not think we would be.

Senator THOMAS. Then we come back to the immediate question, with out human frailties, and human misunderstandings, is it not physically impossible to make a tariff bill that will do exact justice, between all of our people in these industries.

Mr. IRWIN. Possibly it is, but when you have such evidence as this I do not think it is a very far cry to figure out that 33½ per cent is not anything in the direction of protecting this industry under the principles on which the bill, I think, is written.

Senator THOMAS. One other question. Supposing that the Congress of the United States was a body so constituted that it knows everything and does exact justice, and supposing Congress would prepare a bill that was exactly just to all our people, giving them protection to the extent of their just and equitable deserts, would such a tariff bill be of any benefit to any particular group in America in the things that they produce, everything else being raised in proportion. They would have no advantage?

Mr. IRWIN. I do not quite get that. If such a bill did justice so that it worked out in a just manner the theory upon which, as I understand, our protective tariff laws are written, it would be of the greatest benefit, in my judgment, to the entire country, because I think it would enable the maintenance in this country of a standard of living very much higher than would be the average in that country, but if we reverse the analogy, if you took it that way, you would then reduce your standard of living to the average of the world.

Senator THOMAS. I realize this is a discussion of the protective tariff here, and I will not go any further.

Mr. IRWIN. It has been very interesting, too.

Senator COUZENS. Have you any unemployment in Grand Rapids?

Mr. IRWIN. Yes; we have.

Senator COUZENS. Is that due to the importation of foreign furniture?

Mr. IRWIN. As I said in my statement, I do not want to claim that it is. I do not know, I have no way of analyzing, but I do know that if the new competition has taken within a comparatively few years substantially 50 per cent of the business of a certain kind, the result is inevitable and means loss of employment in the manufacturing in that particular line.

Senator COUZENS. Have you any statistics showing the consumption of that high-grade furniture, whether it is increasing or decreasing?

Mr. IRWIN. No. There are definite statistics on that. The Government, as I said before, makes no grading in the statistics which they gather in respect to the furniture business.

Senator COUZENS. From your observation do you believe the quantity is increasing or decreasing?

Mr. IRWIN. From our own experience the amount we have been manufacturing is decreasing.

Senator COUZENS. You are not sure whether that is due to the article in the bill or due to increased importation?

Mr. IRWIN. I am reasonably sure it is due in part to the increase in importations, because I see this furniture all over and I see it displace all that furniture in general furniture stores where it was not there a few years ago, and I know from my own experience that we have and that plenty of other manufacturers have been losing business, and he is gaining business.

Senator COUZENS. You are of the opinion that this difference in the cost of production abroad and at home should be based upon the average, or the most efficient, or include the inefficient?

Mr. IRWIN. It should be an average. That would be particularly true if you were fixing a rate that was right up to the maximum, but the rate we ask here is far from a rate which I think would be worked if you were putting into practice the full theory, as I understand, that a protective measure is based upon, that is, the measure of the full difference in cost, but this 60 per cent which we ask for would make the net cost in this country possibly twice what it cost abroad. They can make them, according to our figures, for about one-third of what we can make them. They still have a differential of cost there that we figure will be equalized by the fact that we are nearer to the market and could sell our goods at a somewhat higher price because we could make more prompt deliveries and our goods will stand a little better in this climate than goods they make over there.

We ask for 60 per cent not because this would be adequate to prohibit foreign competition, but because it is a rate of duty already established by congressional decision for reed and willow furniture, which involves precisely the same competitive conditions as we confront in wood furniture. In other words, we are simply asking to be included within already existing tariffs upon kindred commodities.

These tariff changes will not in any way increase the retail price of American-made furniture. The only point where this increase in duty would affect the prices is where foreign furniture now undersells furniture made in this country. This furniture goes almost exclusively into the homes represented by the higher income brackets.

Some of this is duplication because of the questions asked and answered. May I call your attention to the amount of antique furniture, some genuine and some synthetic, which has come into this country absolutely free of duty and takes the place of furniture that should be made by workmen in this country. We are asking that this be placed upon the dutiable list and we are not trying in any way to impede the development of art within the industry, but we do claim that because of antique furniture that is coming in without duty a great wrong is being worked upon the workmen and the employers in the United States.

Under paragraph 1806 of the free list of the House bill, which is the same as the present law, it states as follows: "Works of art, except rugs and carpets, collections in illustration of the progress of the arts—" and then names a number of other things—"shall come in free of duty under such regulations as to proof of antiquity as the Secretary of the Treasury may prescribe." Under this section furniture alleged to be over 100 years old is being imported in this case free of duty.

There is no reason why furniture should not be exempted the same as are rugs and carpets, and we respectfully ask that the words in parentheses be "except rugs, carpets, and furniture."

This would not in any way prevent importations free of duty of genuine antiques intended for collections in illustration of the progress of the arts, which as the provision on furniture intended, shall come in free of duty.

We suggest that in paragraph 1804 of the proposed bill the word "furniture" be inserted after the words, "works in," so that the section in part will read:

Works of art, collections in illustration of the progress of the arts, sciences, agriculture, or manufactures, photographs, works in furniture, terra cotta, parian, pottery, or porcelain.

This provides for the study of these articles for exhibition purposes in any properly organized museum.

It is a notorious fact that millions of dollars' worth of fake antiques are being imported into this country each year absolutely without any duty being paid. Foreign manufacturers are very adept at making synthetic antiques. In addition to exposing material to the elements in order to age it, they make this furniture from lumber obtained from old buildings, bridges, and other structures of like character. They are so clever in producing furniture that looks like a genuine antique that the very best experts can not always detect that it is a new piece of work.

Senator THOMAS. What difference does it make whether it is genuine or synthetic, if that is the case?

Mr. IRWIN. You mean so far as the ultimate consumer is concerned or the man that receives it?

Senator THOMAS. What difference does it make?

Mr. IRWIN. It makes absolutely no difference if he is willing to buy an antique without knowing its history, if the considerations of the historical part of it are of no value, but one piece of furniture for decorative purposes is just as good as another. In fact, for decorative purposes there is no use of antiques inside. You do get a certain atmosphere, a finished effect from aging a piece of furniture, which probably has artistic merit and value, but there is no artistic value in filling it full of worm holes and making the interior of the drawers out of defective lumber.

Senator COUZENS. In other words, if they are going to do that you want to do it just as they are doing and make them pay a tariff in competition?

Mr. IRWIN. Surely. Foreign manufacturers and dealers in fake antiques show no hesitancy in issuing certificates that pieces are over 100 years old which they know have been made within recent months.

A few months ago an article was published from London under the Associated Press heading describing how the building of antique

furniture had become a fine art, and that the victims were mostly Americans. It described the use of old material and rusty nails.

I have such an article here in my hand.

One foreign manufacturer exhibited to Mr. Brower not only finished pieces of synthetic antiques, but the goods in process and even the stock of old materials from which this furniture was being made. Another manufacturer told him that he did not carry antiques in stock, that he only made them to order.

As I have stated before, no value for record purposes is placed upon these importations by our custom officials. There is, therefore, no way to give accurately the volume of these goods coming in duty free. France does record the value of goods of this character exported from that country, and the list of such exports furnished by a United States consul in France shows that there were exported from the Paris consular district to the United States in 1928 "artistic antiques" to the value of \$10,301,250.

This consul said that he saw the invoices of these exportations and it was his judgment that 80 per cent of this value was represented by furniture.

If this amount came from one district I believe it is no exaggeration to say that there was imported into this country during the last two years under the term of "antique furniture over 100 years old," at least \$12,000,000 at foreign valuation.

It is the judgment of practical furniture men and those who are familiar with this work that the importation of fake antique furniture can not be controlled by Treasury regulations.

Senator THOMAS. Is the article that you spoke about a long article?

Mr. IRWIN. The consular report?

Senator THOMAS. On the making of antique furniture?

Mr. IRWIN. No, it is not long.

Senator THOMAS. I suggest that it be incorporated in the report of the testimony.

Senator COUZENS. That may be done.

Mr. IRWIN. It is contained in this newspaper clipping as an Associated Press dispatch.

(The article referred to is as follows:)

[Associated Press]

FAKE ANTIQUE FURNITURE IS ARTISTS' WORK—DEALERS PROSPEROUS IN ENGLAND

LONDON, Nov. 16.—Faking antiques, particularly furniture, in England, has become a fine art. It is being done so meticulously that only an expert can tell the difference between bogus and real articles. The victims are usually Americans.

Rusty nails are in demand and bring good prices from furniture fakers. Large quantities of Chippendale chairs are shipped periodically to the United States to sell at fancy prices. The American purchasers who wish to learn whether the chairs are genuine antiques or not usually look at the joinery. If they see nails which are bent and rusty the chair must be antique.

The latest development in the great romance of manufacturing modern antiques is the appeal of a prominent London collector for the establishment of a national museum of fakes. He says that 95 per cent of the ribbon-backed Chippendale chairs are spurious and that 90 per cent of the little Tangara statuettes in existence are imitations.

Senator COUZENS. Do these antiques that are being imported have any authentic history attached to them that comes along with the particular piece of furniture?

Mr. IRWIN. I think the genuine ones do, but the great bulk of them, no.

Senator COUZENS. An antique that is made to order would have more value than an unknown antique?

Mr. IRWIN. An antique made to order? Of course, there is no antique made to order.

Senator COUZENS. You just testified to that?

Mr. IRWIN. Synthetic antiques.

Senator COUZENS. The great bulk of it is old looking stuff.

Mr. IRWIN. Old looking stuff; yes.

Senator COUZENS. It is an antique to one who does not know the difference. It looks like an antique.

Mr. IRWIN. You see they have no value whatever, an antique without history. If it is a good synthetic. If it is a good synthetic it will look old also.

Senator COUZENS. If a man who knows exactly what he wanted in an antique can procure it that would be of more value than something of a similar nature of which he did not know the history, which may be an antique or not.

Mr. IRWIN. I would question that. I can not see any distinction between a perfect reproduction and an antique without history, if you have a perfect reproduction and they do reproduce them perfectly. I have been in this business for 40 years, 30 years in the household end of the business, and during that entire 30 years I have manufactured as high grade a line of furniture as made in this country. I have been in the manufacturing end of the business for 40 years, and I am here to say that you can not tell a piece of this furniture, whether it is 100 years old or 100 days old. They are so adept in duplicating that I would not want to try to qualify as an expert, but I do feel I know a little something about furniture.

Senator COUZENS. Is it not a fact that antique furniture is as serviceable, that is, is serviceable as well as ornamental, a double purpose; decorative also?

Mr. IRWIN. Some is more serviceable than that chair here if it is in a good state of repair, and it will then answer the general utilitarian purposes of a piece of furniture. In other words, a chair may be antique and still be capable of being used, or a dresser the same way.

Senator THOMAS. Where one is capable of being used I think you will find 99 that, if they see some one going to sit down on it, they caution them against it.

Mr. IRWIN. There is a lot of furniture imported and much of it is being sold that is of little use from a utilitarian standpoint.

Senator THOMAS. Antique furniture falls into the class of a luxury?

Mr. IRWIN. It is a luxury; yes. The higher grades are luxuries.

Senator THOMAS. And being a luxury and purchased only by what may be termed the wealthier class, there is no reason why it should not bear a proper duty?

Mr. IRWIN. I see no reason. That is the theory in our country. The duty on the genuine would be a revenue measure.

Senator THOMAS. There is no reason why you should not have a duty on the stuff made to order.

Mr. IRWIN. Of course it would naturally follow. It would apply to anything between a hundred years old and a hundred days, to all of it. Our contention is that it is an impracticable proposition in the customs inspection to determine whether a piece were a hundred years old or not.

Senator THOMAS. If a duty is placed on an article as being antique furniture, does that not in effect give it a sanction from the standpoint of customs inspection?

Mr. IRWIN. I am not sure that it would because I think there would still be faking. I was informed by Mr. Bacon, of a company in your State, last week, who seemed to be very familiar with the conditions abroad—informed by Mr. Bacon of the William Wright Co.—that many—not many, but some—of the nobility lend themselves to the sale of antiques, out of their homes, antiques which are manufactured and put into the home, and then the customer is taken there and with tears in his eyes the owner parts with it, and then another piece is manufactured and put in there. I have that on the authority of Mr. Bacon, whom you probably know.

Senator COUZENS. Proceed.

Mr. IRWIN. In the judgment of practical furniture men and those who are familiar with this work, that the importation of fake antique furniture can not be controlled by Treasury regulations, this, coupled with the fact that any of this furniture—even though it is over 100 years old—which is intended for use in furnishing a home should bear a duty, as it replaces the product of the American workman, is the basis for asking the same exemption that is given to carpets and rugs in paragraph 1811.

Antique furniture intended for art purposes can be covered by interlining the word "furniture" as suggested in paragraph 1804.

I have condensed this statement for the sake of brevity and in consideration of the committee's time I am entirely prepared with supplementary proofs to answer any questions which the committee may desire to propound and if a corroborative witness is desired with particular reference to foreign traffic in antique furniture and furniture labor conditions generally in Europe, Mr. Brower is here prepared to be sworn.

Mr. Emory, of Palmer & Emory, manufacturers of very high grade, of New York City, is perfectly familiar with the import situation in New York. He is also in the room and if you desire any further evidence I know he will be glad to testify.

Senator COUZENS. Do you import any raw material?

Mr. IRWIN. Not directly. I do not know that we use any imported material. Of course, most of our fancy wood comes from abroad, mahogany and French walnut.

Senator COUZENS. Is that the only foreign material you import, foreign mahogany?

Mr. IRWIN. I think that is substantially all. We do not import any of it direct. I think the basis of the glue, which is used, a vegetable glue, tapioca flour, I think that material is imported; I think

there are some materials imported in connection with finishing materials, shellacs, some of that imported, and some varnishes.

Senator COUZENS. Is the tariff on the goods imported satisfactory to you?

Mr. IRWIN. As far as we are concerned, they are.

Senator COUZENS. You have no interest in an import tariff placed on logs and other lumber such as shingles?

Mr. IRWIN. We have no direct interest. I am perfectly agreeable to the same character of formula being applied to any of our raw materials that we use, that it shall be applied to our furniture.

Senator COUZENS. What do you think of the argument that we ought not to impose any tariff on imported Canadian lumber so as to conserve our own product?

Mr. IRWIN. I do not know that I feel qualified to answer that question. It is really a technical one and I think it would require more lumber experience than I have.

Senator THOMAS. Evidence has been given before the subcommittee that shows that a good many American industries have gone abroad and are building factories and are producing some article abroad with cheaper raw material and cheaper labor for the purpose of supplying more directly the foreign demand and at the same time sending some of their products back to America. Do you know of any furniture manufacturers who have factories abroad?

Mr. IRWIN. No; I do not. I know or have heard of a number of people in this country who are having goods made abroad by foreign manufacturers and sell them in that country, and I know if I was 20 years younger and this tariff was to prevail I would have a factory abroad.

Senator THOMAS. An antique factory?

Mr. IRWIN. No, sir; not an antique factory, but a factory making new furniture. I should not like to see any bill that would put a great many furniture manufacturers in this country out of business.

Senator COUZENS. Your recommendation is to the younger generation that if this present tariff is retained as it stands that they invest their capital abroad and produce their goods over there rather than here?

Mr. IRWIN. They do not need my recommendation. If it stands they will do it. You will find some of them doing it. No; I am not recommending it.

Senator COUZENS. That has already been testified to in the production of maps and other articles which are being produced abroad and sent over here because of the inadequate tariff.

Senator KEYES. Do I understand that you do not get any birch, maple, or hardwood from Canada for your products?

Mr. IRWIN. I do not think any of us use that supply. I am not speaking for any other industry as to what they use in their factories, but I am not familiar with the amount of birch or maple that is being imported for furniture use.

(The statement referred to above is as follows:)

Recapitulation—Declared exports to United States and possessions, 1927 and 1928

Destination	Total for Paris district		Total for France	
	1927	1928	1927	1928
United States.....	\$101,772,426	\$103,210,044	\$165,734,834	\$160,280,393
Philippine Islands.....	867,106	1,088,025	1,244,853	1,499,182
Porto Rico.....	149,240	112,562	210,368	197,626
Virgin Islands.....	14,675	16,829	16,423	19,179
Hawaii.....	516	2,094	1,718	5,198
Total merchandise.....	102,803,963	104,420,554	167,208,296	162,000,578
Gold.....	16,794,857	.....	16,794,857	.....
Total exports.....	119,598,820	104,429,554	184,003,153	162,000,578
Returned American goods.....	865,678	899,929	1,330,492	996,206

Exports invoiced through Paris consulate general to the United States, 1913 and latest six years

Year	Number of invoices	Merchandise exported	Gold exported	Total exports
1913.....	41,443	\$77,610,013	\$1,325,795	\$78,935,808
1923.....	48,722	77,800,856	11,762,286	89,563,142
1924.....	51,727	85,489,531	22,531,068	108,020,599
1925.....	55,569	90,310,431	6,477,180	96,787,611
1926.....	65,138	92,455,266	4,198,148	96,653,414
1927.....	65,382	101,772,426	16,794,857	118,567,283
1928.....	66,697	103,210,044	.....	103,210,044

Principal declared exports from Paris consular district to the United States in 1928 as compared with 1927

Articles	1927	1928	Increase	Decrease
Artificial flowers.....	\$1,055,022	\$671,482	.....	\$383,540
Artistic antiques.....	10,188,819	10,301,240	\$114,411	.....
Automobiles.....	804,556	536,025	.....	267,631
Beads and bead ornaments.....	1,322,397	1,016,694	.....	305,703
Brass and bronze manufactures.....	563,662	479,006	.....	84,656
Calfskins and cattle hides.....	2,956,311	2,347,754	.....	608,557
Cheese.....	808,463	1,020,724	212,261	.....
Cosmetics, face powders, etc.....	375,286	578,428	203,142	.....
Cotton:				
Cloth and fabrics.....	2,522,138	2,396,690	.....	125,448
Wearing apparel.....	520,198	844,945	318,747	.....
Other manufactures.....	1,185,653	1,042,662	757,009	.....
Essential oils.....	597,451	797,365	199,914	.....
Flax, hemp, and ramie:				
Fabrics.....	466,569	669,592	203,023	.....
Handkerchiefs.....	1,126,789	1,337,627	210,838	.....
Other manufactures.....	505,260	968,585	463,325	.....
Furniture.....	1,787,181	1,971,252	184,071	.....
Glassware.....	1,457,980	1,369,885	.....	88,095
Gloves.....	1,368,525	1,461,854	93,329	.....
Goat and kid skins.....	913,095	1,170,708	257,613	.....
Hare and rabbit skins.....	4,809,188	4,242,036	.....	567,152
Iron and steel manufactures.....	1,352,003	2,235,809	883,806	.....
Jewelry.....	948,231	1,065,879	117,648	.....
Leather and manufactures other than gloves.....	1,479,965	2,868,197	1,388,232	.....
Musical instruments.....	513,670	402,907	.....	110,763
Optical goods.....	535,537	689,836	154,299	.....
Paintings, drawings and sketches.....	3,477,880	5,812,873	2,335,093	.....
Paper and manufactures.....	2,439,579	2,681,966	242,067	.....
Perfumery and toilet waters.....	1,996,736	1,896,544	.....	100,192
Perfume materials.....	1,050,415	1,304,814	254,399	.....

*Principal declared exports from Paris consular district to the United States in 1928
as compared with 1927—Continued*

Articles	1927	1928	Increase	Decrease
Precious stones and imitations:				
Diamonds.....	\$1,262,842	\$3,087,983	\$1,825,141	.....
Pearls (real).....	3,451,250	4,948,322	1,497,072	.....
Other precious and semiprecious stones.....	2,532,718	2,535,134	2,416	.....
Imitation precious stones.....	579,308	328,357	.....	\$250,951
Rags for paper stock.....	1,155,791	780,198	.....	375,593
Seeds.....	787,970	569,172	.....	218,798
Silk:				
Fabrics.....	2,167,950	2,636,851	468,901	.....
Wearing apparel.....	5,855,954	5,223,415	.....	632,539
Other manufactures.....	3,324,210	3,115,437	.....	208,773
Tinsel wire and ornaments of.....	641,636	300,642	.....	340,994
Wool:				
Carpets and carpeting.....	575,983	275,922	.....	300,061
Fabrics.....	2,164,346	1,585,549	.....	578,797
Wearing apparel.....	1,349,185	2,533,026	1,183,841	.....
Other manufactures.....	649,720	732,394	82,674	.....
All other merchandise.....	26,140,704	19,473,273	.....	6,667,431
Total merchandise exports.....	101,772,426	103,210,044	13,653,292	12,215,674
Net increase, merchandise.....	.....	.....	.....	1,437,618
Gold.....	16,794,857	.....	.....	.....
Total exports.....	118,567,283	103,210,044	.....	.....

*Declared exports, France to United States—Provisional figures for 1928, as compared
with 1927*

Consulates	1927	1928	Increase	Decrease
Biarritz.....	\$71,770	\$90,614	\$18,844	.....
Bordeaux.....	8,159,743	8,051,849	.....	\$107,894
Boulogne sur mer.....	70,976	23,189	.....	47,787
Calais.....	3,244,273	2,993,640	.....	250,633
Cherbourg.....	47,112	190,985	143,873	.....
Dieppe.....	81,880	92,488	10,608	.....
Havre.....	1,612,098	1,533,658	.....	78,440
Lille.....	4,415,806	4,003,655	.....	412,151
Limoges ¹	785,803	.....	.....	785,803
Lyons.....	17,769,483	16,465,590	.....	1,303,893
Marseilles.....	10,754,446	11,735,724	981,278	.....
Nantes.....	3,710,891	3,371,402	.....	339,489
Nice.....	1,869,042	1,632,090	.....	236,952
Paris.....	101,772,426	103,209,945	1,437,519	.....
St. Etienne ²	854,686	.....	.....	854,686
Strasbourg.....	10,514,399	6,885,564	.....	3,628,835
Total.....	165,734,834	160,280,393	2,592,122	8,046,503
Gold (from Paris).....	16,794,857	.....	.....	.....
Total exports.....	182,529,691	160,280,393	.....	.....
Net decrease of merchandise exports in 1928.....	.....	.....	.....	5,454,441

¹ Limoges closed June 30, 1927; district now included in that of Bordeaux.

² St. Etienne closed Mar. 31, 1927; district divided between Lyons and Marseilles.

Monthly average exchange rates for \$1 quoted on Paris bourse

Month	1924	1925	1926	1927	1928
	<i>Francs</i>	<i>Francs</i>	<i>Francs</i>	<i>Francs</i>	<i>Francs</i>
January.....	21.43	18.54	26.52	25.26	25.44
February.....	22.66	18.94	27.23	25.48	25.44
March.....	21.70	19.30	27.95	25.55	25.41
April.....	16.37	19.26	29.59	25.53	25.40
May.....	17.35	19.38	31.93	25.53	25.40
June.....	19.11	20.98	34.12	25.54	25.44
July.....	19.57	21.30	40.96	25.55	25.53
August.....	18.36	21.30	35.42	25.52	25.59
September.....	18.85	21.22	35.05	25.52	25.60
October.....	19.11	22.54	34.14	25.47	25.60
November.....	18.96	25.31	29.12	25.45	25.59
December.....	18.52	26.76	25.32	25.44	25.57
Average for year.....	19.33	21.24	31.44	25.47	25.50
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Average value of franc for year.....	5.17	4.70	3.18	3.93	3.92

**STATEMENT OF WILLIAM M. FRIEDLANDER, NEW YORK CITY,
REPRESENTING THE FURNITURE GROUP OF THE NATIONAL
COUNCIL OF AMERICAN IMPORTERS AND TRADERS**

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Whom do you represent?

Mr. FRIEDLANDER. Mr. Chairman, I represent the Furniture Group of the National Council of American Importers and Traders.

Senator COUZENS. Is that one association?

Mr. FRIEDLANDER. That is a group of the National Association.

Senator COUZENS. You are confined to importations?

Mr. FRIEDLANDER. We are confined to importations, principally.

Senator COUZENS. You may proceed.

Mr. FRIEDLANDER. Mr. Chairman and gentlemen, I appear on behalf of the furniture group of the National Council of American Importers and Traders. I will be as brief as possible, but inasmuch as I appear for a group instead of a number of individuals, appearing before you, I hope that you will bear with me.

I had the honor of appearing before the Ways and Means Committee and desire at this time to supplement my remarks to that testimony, which of course is available to you, and to direct your attention to certain salient facts.

In the first place the Government statistics tell us that the total domestic production is in excess of \$879,706,306; that importations are about \$4,638,422. Stress has been laid on the need of protection because of the sadly depressed condition of this industry.

Is that depression due to the 3 to 5 per cent of importation or to other causes? It must be obvious to anyone, whether he be expert or layman, that this infinitely small percentage could be the cause of such depression only in about the same degree that the ripples formed by tossing a pebble in the ocean could be responsible for the tidal waves that have inundated our southern shores.

Firstly, you must consider what type of furniture is imported into the United States. Of the \$4,600,000 approximately \$600,000 is bent-wood chairs and the balance almost entirely what is known to the trade as "odd furniture."

When an imported piece becomes popular and can be sold in quantities, it is often, if not generally, manufactured in this country at a

considerably lower cost. To the Ways and Means Committee I submitted several letters accompanied by photographs covering the subjects, wherein certain firms, who both manufacture in the United States and import, stated that such imported pieces as they found they could sell in quantities they ceased to import, as they could manufacture them for far less than they could import them. Importation in such cases adds stimulus to American industry.

I believe it will be interesting to note that the cost of reproduction of the imported articles in this country ran from one-third to one-half less than the imported articles would cost laid down in New York.

They quoted their import costs and their cost of manufacture and the contrast was not only typical but highly illuminating.

Mr. Irwin in his brief to the Ways and Means Committee, in pleading for higher duties, gives a table of figures comparing imported items to the estimated cost of manufacture in this country. However, he overlooked a few minor details. The table shows factory costs abroad in European currency, the next column, stated to be the price "f. o. b. New York," in dollar currency. These figures, however, a casual glance shows to be merely the conversion of the former at the current rate of exchange and does not in its f. o. b. New York price include duty (at present $33\frac{1}{2}$ per cent) nor packings, inland freight, landing charges, etc., which would increase the f. o. b. New York price an average of at least 65 per cent, and in some cases as much as 90 per cent.

I have made some extracts of cost calculations from recent actual importations, which cover average and usual items such as tables, benches, commodes, cabinets, etc., where the landing charges actually are from $54\frac{1}{2}$ per cent to $87\frac{1}{2}$ per cent. If the committee desires the separated amounts or per cent I will gladly furnish them. I have them here.

Another firm of importers, who import French products, inform me that their average landing charges are $75\frac{1}{2}$ per cent.

You must further add to this cost the American importer's overhead and profit, as the importer becomes the manufacturer's competitor selling to the furniture dealers.

This, gentlemen, will vary from 35 to 45 per cent of the selling price, according to the type and the volume, and this percentage must be added to the cost.

Therefore, the importer of foreign furniture, in order to net himself 5 per cent on his sales, must add to his landed cost, including duty, freight, etc., 80 to 90 per cent, to arrive at his selling price to the dealer.

You will find, therefore, that the American manufacturer, under the present law, does not merely enjoy a protection of $33\frac{1}{2}$ per cent on foreign selling price, but really a protection of about 230 per cent.

Wood carvings and carved furniture are to-day generally made in the United States with gang machines of from 5 to 25 units carving simultaneously and controlled by the master machine and its operator. It might be interesting to know whether the estimated cost of reproducing the foreign furniture was based on the cost of making each piece individually by hand, or in the more usual manner of, say, a cutting of 50 to 100 pieces.

I am not prepared to furnish you with labor figures or challenge those quoted to the Ways and Means Committee, excepting to state

to you that Messrs. Jaques Bodard & Co. inform me that they pay their cabinetmakers in Paris 6 francs per hour which is approximately 24 cents and not 18 cents as stated in the table submitted. Furthermore, I might incidentally mention that these men are now on strike and will probably receive a 15 per cent increase. The Czechoslovakian importations which were dwelt on this morning are a trifle over 10 per cent of the total importations.

Foreign competition can not be so dangerous, or surely the importation would be larger. While it is true that in a few years' time importations have increased nearly \$2,800,000, during that same period domestic production increased more than \$325,000,000.

This industry is in need of tariff protection against importations in about the same ratio that the automobile industry requires protection against the few foreign cars that are annually brought to this country.

I have not stressed the question of antique furniture as that subject was quite thoroughly discussed before the committee of the House of Representatives and I refer the gentlemen of this committee to the report of those hearings unless you desire me to discuss that subject at this time.

Senator COUZENS. What is your own experience with antiques?

Mr. FRIEDLANDER. The examiners, particularly at the port of New York are probably the best posted men on antiques. They see more antiques, they handle more, than any other men or group of men in this world. If they can not tell an antique from an imitation antique—and it is not often that they can not—then the Government ought to have men who can, and I do not know whether such men are available. The percentage of importation of antiques is very small.

Furthermore, Senator, the question of duty-paying antiques would give no particular benefit to anybody. A person who wants an antique, pays, as a rule, a fabulous price for it, probably five, six, or ten times the cost of a modern piece, and if you tax that it will make no difference. The tax, if that is an imitation, is already so much higher than the cost of a new piece, that it would not make any difference to anybody who will spend a lot of money for antiques, and nobody who will spend \$500 or \$1,000 for an antique chair or a table, or a similar article is going to stop at another \$150 or \$200 in order to obtain possession of it. They will pay the difference just the same.

Senator COUZENS. Is he buying what he thinks are antiques, but which are really modern productions?

Mr. FRIEDLANDER. I do not quite understand you, Senator.

Senator COUZENS. Is he buying a modern production for an antique?

Mr. FRIEDLANDER. If he is buying an antique he thinks that is what he is paying for.

Senator COUZENS. How many times does he get fooled?

Mr. FRIEDLANDER. I think tourists get fooled quite often, but I do not think they get fooled when they get to the New York custom-house.

Senator COUZENS. Would you have them required to pay a tariff on those things?

Mr. FRIEDLANDER. Yes.

Senator COUZENS. Have you any statistics showing the imports of that character?

Mr. FRIEDLANDER. I have not.

Senator COUZENS. So what you say is simply a guess?

Mr. FRIEDLANDER. It is my experience in the business, and I have seen very little of it. There is a large quantity of importations, comparatively speaking, of the percentage of total importations that are reproductions of antique pieces. I should say 80 or 90 per cent of our importations are replicas of old pieces, they are brought in as replicas and they are sold as replicas and they are duty paid at the regular rate of furniture.

In closing, I merely would like to remind you that first, importations of this commodity are only a negligible fraction of 1 per cent of the total production.

Secondly, that this industry, because of peculiarities, is operating to-day under not 33½ per cent protection, but of 230 per cent.

Thirdly, that in fairness any revision of the present rate should be downward and not upward, as the consumer who wants a piece of unusual furniture will buy the imported article if he wants such wares and you merely penalize those citizens who want to add a touch of the unusual to the furnishing or decoration of his home without benefit to industry.

BENTWOOD FURNITURE

[Par. 413]

STATEMENT OF HON. PORTER J. McCUMBER, WASHINGTON, D. C., REPRESENTING THONET BROS., JACOB & JOSEPH KOHN, AND THE MUNDUS CO., NEW YORK CITY.

(The witness was duly sworn by the chairman of the subcommittee.)

Senator COUZENS. Tell us whom you represent, Senator.

Mr. McCUMBER. Mr. Chairman and Senators, I represent in the presentation of this case, Thonet Bros., and the Kohn and Mundus Cos., of New York, which are importers of bent-wood furniture.

I desire to say, in explanation of my being here to-day, that at the time of the hearing some two or three years ago before the Tariff Commission, of which Mr. Barnes speaks, I was employed by these companies to present the importers' side of this question to the Tariff Commission. The president of a company, Mr. Warner, who was spoken of by Mr. Barnes, could not be present to-day, and his secretary therefore asked me to present the case for them because of the fact that I was fairly well acquainted with the general principles involved in this case from my knowledge of all the testimony taken before the Tariff Commission, and also the testimony taken before the Ways and Means Committee.

Senator COUZENS. Are you still a member of the International Joint Commission?

Mr. McCUMBER. Yes, I am still on the International Joint Commission. I ceased all my law business when I went into that, because my business consisted of business against the Government. I ceased my law business practically, although the office is still open, and have practically nothing except matters before the Tariff Commission.

Senator COUZENS. I am not clear as to just whom you represent here, Senator.

Mr. McCUMBER. I represent Thonet Bros. and the Kohn and Mundus Cos., importers of bent-wood chairs.

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Senator THOMAS. Did I understand you to answer the chairman that you represent the Government in some way?

Mr. McCUMBER. No.

Senator COUZENS. I asked him if he was still a member of the International Joint Commission.

Mr. McCUMBER. From my standpoint I think you will all recognize that I am not a free trader, but generally known as a pretty ardent protectionist, and from my standpoint I think those four blocks which we have presented here make the strongest argument that could be presented against the necessity of a protective tariff above what the industry is receiving to-day.

The testimony given before the Tariff Commission, and which was undenied, is that the bent-wood chair importations amount to about one half of 1 per cent of the domestic production of all chairs, and about 5 per cent of the domestic production of bent-wood chairs considered separately, and this is about the same as the American or domestic production, while the bent-wood chair represents comparative importation of about 10 per cent.

Senator COUZENS. What year?

Mr. McCUMBER. 1924. I think that was the last year that the Tariff Commission reported, and, therefore, I have the figures at that time.

Senator COUZENS. Has there been any increase since then?

Mr. McCUMBER. I think there has been an increase in the importations of that year. There has also been an increase of the domestic production and probably the two are about the same in proportion.

Senator COUZENS. How can you account for the witness stated a while ago that the chairs were mostly imported chairs?

Mr. McCUMBER. I think a domestic chair and imported chairs must bear the mark of their country of origin, showing where they came from. That is, domestic chairs. We have looked over these chairs and they are mostly domestic chairs and importations and I think those chairs are about 25 years old and made under quite different conditions than the chairs now.

Senator COUZENS. I am going to ask the former witness about the Mayflower chairs—any more?

Mr. McCUMBER. I have looked over all of them, importations of foreign chairs, and those which are manufactured here, and some imported 30 to 40 years ago—I am not prepared to say. One must examine each chair. I simply say that I think you will find that imported chairs all bear the mark of importation. They have to show from what country they came. But we are not questioning the importations. It is impossible to say they are all imported.

Senator COUZENS. I was just wondering why the Government bought these imported chairs.

Mr. McCUMBER. I will tell you why. They bought a lot of them from Czechoslovakia. A good many years ago, when Thonet Bros. had a patent on a certain kind of chair which gave strength to its back, and also one that had a removable seat, they sold, I think, to the Government at a little more than what they paid for the domestic chair.

I am trying to make this as brief and concise as possible. I will call attention to the fact that in determining what rate of duty or what duty should be imposed on any class of furniture, one must take into consideration, it seems to me, with what it competes.

These chairs in the committee room not only compete with other bent-wood chairs, but compete equally in the domestic market, between domestic makers and all others, with 100 or 500 other kinds of chairs that may be used in seating places, in halls and restaurants. They come into competition with the steel or metal chairs which you remember having a loop and a twisted leg of metal, and the back of some other, and the trim along the side, and those are taken and necessarily the bent-wood chair competes with that chair.

As chairs can be used only for the purpose of seating persons, and as one person can not occupy very conveniently two chairs, at the same time, although the reverse is not always true, one chair, whatever that chair may be in a hall or otherwise, if it takes the fancy of the owner, it displaces some other chair, and, therefore, it seems to me that in considering this matter and the necessity for the protection, we should take into consideration what proportion of the chairs of the country that come into this country, really compete, really injure the domestic production.

I think, Mr. Chairman, that you would agree that one half of 1 per cent could not possibly affect the American price. I think you would agree that even if 5 per cent, taking all the bent-wood chairs alone, and taking into consideration that 5 per cent could not seriously affect the competition in the United States or seriously affect the price where would you draw that line? Of course, it would depend upon the article, but certainly it can not be applied to the importation of those bent-wood chairs.

I wish to open up this presentation with a few clear, unequivocal statements taken from the Tariff Commission report, and from the evidence introduced before the Tariff Commission and the evidence introduced before the Ways and Means Committee.

There was not one scintilla of evidence presented to the Ways and Means Committee that any imported bent-wood chair, when finished and placed in competition with the comparable domestic chair, that is the principal market in the United States, costs one cent less than the like domestic chair. If any one can find that in the testimony we have failed to find it, but on the contrary this statement: That the very cheapest group—and now for the purpose of argument we must divide these chairs into about three groups, the cheaper chairs, and you see there what we have been talking about, the intermediate, and the greater or higher priced chairs—that the very cheapest group of chairs compared by the commission cost, with present duty added, 33½ per cent duty added, cost about 20 per cent more than the comparable domestic chair when laid down in the principal markets of the United States.

That appears in the testimony. Again, that every medium-priced chair, imported bent wood, costs considerably more than the comparable or like domestic chair, and, again, that every high-priced imported chair costs very much more than the comparable or the like domestic chair. Now, you will find that well supported by the evidence before the Tariff Commission.

Senator WALSH. Did the Tariff Commission make a finding of fact on that testimony?

Mr. McCUMBER. They made a preliminary finding first, but they made it on seven cheap chairs and not on all of the bent-wood chairs. The main part of the bent-wood chairs that are now imported, that

makes this increase of late years, is the higher priced bent-wood chairs. The lower prices are being displaced all over the country. The competition that my friend, Mr. Barnes, speaks of he will find comes from the competition in the United States rather than this one-half of 1 per cent of importations.

There are very important manufacturers of bent-wood chairs in Chicago. The Great Northern was one of the strongest competitors of all these other bent-wood chairs. A further consideration is the fact that in your restaurants and everywhere else you are changing the old cheap bent-wood chairs for the higher priced chair which results in the fact that there is a vast decrease, not only of importations of the cheaper chair but a vast decrease of the domestic use of this cheaper chair. Go down into one of these Childs restaurants in Boston; if you will, Senator; you will find chairs there that cost about \$15 apiece, as compared with these chairs that cost less than \$15 a dozen before the World War. That is the kind that is universally used. You will find the folding chair, the Windsor chair that are taking their place. They are more fancy. People like them better and they are taking the place of the old cheap bent-wood chairs.

Senator WALSH. What are the prices of these three different types?

Mr. McCUMBER. If you will excuse me just now, I will give the prices a little further along as I have them marked in one of the exhibits furnished the Tariff Commission. Now, 60 per cent in value of the imported bent-wood chairs are of the medium and high grades, which cost much more than the like domestic chair. I am not speaking of what it costs to manufacture them over in Czechoslovakia because there is no evidence before you and there was no evidence before the Tariff Commission as to what the foreign cost was. They never investigated that. You may say the labor is not one third as high. That may be true, but if an article like a razor that is hammered out by hand and then ground and polished by hand, etc., even though the wages for that work were not one-tenth of what the mechanic would receive in the place of manufacture, it might cost two or three times as much and most of this stuff coming from Czechoslovakia is hand-made material and not made by machinery to the same extent that the article is that is produced in the United States. I will cover that a little further.

Senator THOMAS. Is any furniture of this class better made than ours, in your opinion?

Mr. McCUMBER. In some respects it is better, and I will go into that a little further on, but it costs more and it is sold for a much higher price in American markets. Whether it is worth more or not is not for me to answer because I do not know personally. But I was going to say 60 per cent, really over 60 per cent of the imported bent-wood chairs are of the medium and high grades which cost more than the like or comparable domestic chair, and less than 40 per cent of the imported bent-wood chairs are of the lower group, the cost of which when we lay them down, for instance, in Chicago, is just a trifle more than the domestic.

Therefore I think there are three great, important reasons, industrial reasons, why no protective duty is needed. I am speaking now not of a duty for the purpose of revenue, but a protective duty: First, because imports are negligible when compared with domestic production; second, because the imported chair costs more than the

comparable domestic chair; and, third, the imported chair is placed on the market at a very much higher price than the like domestic chair, and this is particularly true of the higher priced imported chairs. That is the higher group.

Now, Mr. Barnes spoke of the hearing before the Tariff Commission. The commission was bothered somewhat when they came to the consideration of bent-wood chairs. They first considered what was a bent-wood chair before they started in their investigation, and I think, without giving it the proper investigation, out of more than a thousand different styles of bent-wood chairs they selected the seven styles, and then they said we will call these bent wood. They then adopted a definition, which definition they thought would cover those seven churches, and I will give you their definition, and that is what they investigated:

A bent-wood chair may be defined as a chair in which each of the principal sections of the frame is bent to its ultimate form from a single piece of wood instead of being fabricated from several pieces, cut, and fitted together.

Take one of these chairs that has just been shown here. For instance, it consists of the back, and if the back and legs were composed of two pieces of bent wood mitered together at the top, although every stick in that chair was of bent wood, it would not be considered a bent-wood chair under that investigation because it did not correspond with that definition? Mr. Weisbach, counsel of the Great Northern Chair Co., although I am not certain who gave a very fair definition, gave his definition, and he said: "Our definition"—speaking for the domestic manufacturers—"Our definition of a bent-wood chair is a wooden chair the framework of which is constructed principally of bent-wood parts; that is, a chair in which bent-wood parts predominate."

That is a clean cut and a fair definition of a bent-wood chair and is given by the counsel of the domestic manufacturers; see his brief, page 3.

Now, the importers agreed to that. They said: "Yes; that is a fair definition," and Mr. Barnes, counsel for the Haywood-Wakefield Co., contended for the commission's definition which covered only the seven chairs. Just where he drew the line of demarcation I was never able from his statement to clearly determine.

Mr. Marvin, the chairman of the commission, was the difficulty. We showed him, for instance, that there were thousands of chairs that you could not differentiate the one from the other, some of them were not included, every piece of which is bent wood, and some that might have a little back or inset of some other kind of wood. Some of them might have legs that were not made of bent wood, and this is his statement, and as to how we would get out of that difficulty, he said:

If there are other types of bent-wood chairs that you import, of course, the cost of these chairs can not be compared with the cost of the different types of bent-wood chairs. That cost would have to be compared with the cost of a similar so-called bent-wood chair.

That is testimony to the commission on page 324.

The commission, however, now has practically admitted that it was in error because in presenting its survey to you for your hearings they have this definition:

Bent-wood chairs are chairs made of wood that has been bent to shape.

There is nothing said whether it should be one piece or a dozen pieces. It is even broader than that covered either by the domestic manufacturers or by the importers. Now, they freely admit that they have never investigated in any sense the domestic production and importation of all bent-wood chairs, but simply these seven, which I have mentioned which I will soon show you.

But the domestic producers, and here is the irony of it, are now attempting to apply the preliminary findings of the commission on these seven chairs to all bent-wood chairs when all the other chairs cost very much more than those comparable domestic chairs.

I do not know why this duty was raised, but I think I gather a little of it from some information that I met. It was first raised to 40 per cent from 33½ per cent, and that was reported to the House. Then it was amended either in the House or just before without any further testimony and was increased to 55 per cent from 40. I immediately had a little investigation made to see why this was done, and the only information I got was that it was done because the House increased the duty on the birch wood and this was given in addition to compensate for the duty on birch wood. However, I am informed that there has never one stick of birch wood that is used in the manufacture of a bent-wood chair.

Senator COUZENS. What kind of wood is used?

Mr. McCUMBER. Beech, not birch. I think they misunderstood the fact that it was beech wood, and I think they are mostly manufactured of beech. So Mr. Barnes and Colligan can correct me if I am in error. Therefore, the reason for increasing this duty beyond from 40 per cent was that birch wood had an increase placed on it after the bill had been reported to the House.

Senator WALSH. I suppose by a committee amendment.

Mr. McCUMBER. I do not know whether it was by a committee amendment or on the floor.

Senator WALSH. That is the only way the bill was amended.

Mr. McCUMBER. I just want to show you a little bit the effect of this increase. Mundus and Thonet Bros. import about 70 per cent of all bent-wood chairs. But the United States Tariff Commission had before it in this hearing a public accountant's report of the business of these two leading importers. The aggregate net profits, as shown by these two reports, are \$38,209.43. That is what both of these companies make net.

Senator WALSH. Per annum?

Mr. McCUMBER. No. It was the year 1924, the last year in which they investigated. The import duty that these two companies paid in order to make \$38,209.43 was \$141,655.55, and that was on the basis of 33½ cents.

Now, here is a proposition to raise this to 55 per cent. That means an increase over the old duty on the same amount of business, 66½ per cent, and carried out in figures of their importation, means \$92,075.75, and that means a net loss of \$53,766.54 if they do the same business and sell at practically the same price to-day.

Is there any just reason for virtually driving those importers of this little amount, valued at about one-half of 1 per cent, out of the American market. If I could see any reason for it, I do not think I would be here even pleading their case. Certainly not for whatever is necessary for reasonable protection, but if I could use a simile it

looks to me like this: You may have upon the industrial sea a raft in which there are six strong, sturdy men of 200 pounds weight each, with oars capable of reaching the port of Success and here is a little three-year old boy also on the raft, and those six, sturdy gentlemen say, let us throw the little rascal off into the sea. He might impede our progress in getting into port.

That is really the way that it looks to me upon the face of it, considering the amount, Mr. Chairman, that is involved, and the prices which I will show you in a moment.

Senator THOMAS. You would not limit that illustration to bent-wood chairs, would you?

Mr. McCUMBER. I think one-half of 1 per cent of the importation of most anything can not affect the price. There may be cases in which even 5 per cent might or 10 or 15 or 20, but I do not think it would in this particular case.

I wish, however, to just give you in little brief sentences some of the facts in this case before presenting this brief.

First, I want the committee to understand clearly that finished bent-wood chairs are not imported into the United States. No finished chair is imported. The separate parts of bent wood that may be used in this chair or that chair, partly finished, not even fully finished but partly finished, are imported, and you may order 500 sets and then may order only 150 backs, and they may order a different number of legs, but they will say that you can use them and put together a chair and finish it.

Now, this unfinished product is virtually and in effect the importation of raw material imported for American citizens and American corporations, which must be converted by American labor into the finished product and put on the market. As I have stated, approximately 60 per cent of the cost of the imported article, unfinished article, when finished and ready for market, is imposed after the raw material enters the city of New York. (See Tariff Commission preliminary report.)

This 60 per cent is paid out to American workmen, employees, materials, etc. The cost of operation of the importers in New York City, where 95 per cent of the imports are landed, to finish and complete these chairs, is double that of the domestic companies anywhere in the United States. That is shown also by the report. (See Tables 7 and 10 of the Tariff Commission preliminary report.)

I will give you the figure if you wish it. The weekly average earnings in domestic plants, as reported to the commission, were \$12.56 to \$27.64 average weekly earnings. This is outside New York, which I am now giving. In New York the average weekly earnings in the importers, plants were \$30 to \$49.40 per week. This is in House hearings, page 2834, and it is practically double.

Why does it cost them so much more and why do they increase this 60 per cent they have now on raw material? This greater cost is due not only to the much higher wages paid in New York, but also to the fact that additional operations, such as packing, repacking, repair of cases, twisted and warped parts which become warped in crossing the ocean, touching up marks from being marred in transit, are all required to complete the imported charges on these chairs, and it is not required where the entire manufacturing is done in the domestic plant where the same thing is manufactured.

There is a very erroneous impression that the Tariff Commission has investigated the cost of production of bent-wood chairs in Czechoslovakia. The Tariff Commission, Mr. Chairman, has not investigated the foreign costs of the imported article and has made no attempt to do so. The American importers gave to the Tariff Commission full information as to the cost of each and every group of unfinished chairs, parts imported by them, which were verified by the customhouse records, and the preliminary report of the commission did not go behind that cost. That was their cost.

There is an equally erroneous impression that the Tariff Commission in its preliminary report had investigated the cost of all bent-wood chairs in the United States. They did not. They investigated simply the cost of these seven bent-wood chairs in the United States and did not attempt to investigate the others, because it was outside of their investigation. They investigated, therefore, less than 40 per cent.

The styles selected were the very cheapest of the group imported and did not include the more than 60 per cent in value of the higher group of imported chairs which, according to the undisputed evidence, cost the importer very much in excess of the cost of the comparable domestic chair, and which are wholesaled at a very much higher price.

We are presenting Exhibit A, a photostatic copy of the seven styles of the chairs selected by the Tariff Commission. This is the exhibit [indicating].

In this exhibit there are all seven styles, many of them, you see the same as here. They varied only in one chair. I do not know why they did—but it did not correspond with their definition because it had two front legs that were not of bent wood, but those were the ones, these cuts, whether they produced them for the purpose of guiding those interested in the subject or not. Look over the next page and see if any one of you could say this is a bent-wood chair and this is not a bent-wood chair, or any of these, 111 of them, and they are in the order of the gradual increases in price. All of them are bent-wood chairs, sold as bent-wood chairs, understood commercially to be bent-wood chairs. Some of them have little inserts in the back like this, that are not bent wood, and those have legs, both front and hind legs of bent wood, and you will see as you get further along here that you have more and more the fancy or high priced ones which sell for a great deal more than the others.

I leave this exhibit with you, and I will call your attention to another one, Exhibit D. That is the exhibit that shows the prices, what these are sold for, presented to the Tariff Commission, and the like chair, taking the domestic chair, and opposite it in this cut we have taken an imported chair and taken the quotations from the manufacturers for their wholesale trade.

We will take the first. Exactly the same. This one is by Thonet Bros., and with a cane seat it is \$10. With a cane seat the other is \$8.50. In the next grade \$9.75, and \$8.25, then \$10.75. Take these right along and you will find here the foreign chair selling about on an average, in the markets of the United States, from 30 to 40 per cent greater than the domestic chair. If it is selling for that price greater than the domestic chair, then you can not see that it competes very directly, except to the extent that it displaces an American chair. We will admit, of course, that in those other cheaper chairs there

was in times past a very acute competition, not only between the domestic manufacturers but between several domestic and foreign importers. They were all struggling to keep up with the trade, and they are all having to give it up because it is scarcely worth their time when they are being displaced so rapidly by the foreign product.

I will not take up too much of your time. I intend to leave a brief here; but I wanted to call your attention to one or two statements made by Mr. Barnes. He spoke about the importations being so little in 1913 and so great at the present time. That, of course, relates to these particular little chairs, but he forgot in giving his figures, and they are in accordance with the report of the Tariff Commission, that they give from Czechoslovakia only 1,909. That was a mistake, because these very companies imported very much more than that. So that is an error.

But they have, then, "All other wood furniture," and this is what Mr. Barnes uses, "other furniture, n. s. p. f.," in other words, of this \$214,398 in value, that is all furniture wood including the chairs. They are not separated, but, of course, when you do not separate them you have a fast increase.

Another error made by the Tariff Commission in its preliminary report and quoted—I will not say by Mr. Barnes, because he did not, I think, at this time quote, although I was not there to hear all that he had to say. They took as a comparison imports with domestic production; instead of comparing their seven chairs of imports with the like chairs of domestic production, they compared a hundred per cent of the imported chair with the seven, or about 3 per cent—that is really what it amounted to—of the domestic chair, and, of course, it would show a very grave difference, which would be corrected here.

Again, Mr. Barnes was asked by one of you, what percentage of his chairs were of these bent-wood chairs? I presume that means about the cheaper kind. May I ask you again, Mr. Barnes, was the difference 3 per cent?

Mr. BARNES. Of our total production?

Mr. McCUMBER. Yes.

Mr. BARNES. I do not remember that question was asked, but 3 per cent of our total production is substantially correct.

Mr. McCUMBER. The bent-wood chairs formed about 3 per cent of the total.

Mr. BARNES. Of our total business.

Senator WALSH. Which includes other things besides chairs?

Mr. McCUMBER. Yes.

Mr. BARNES. The values were just upon our production.

Mr. McCUMBER. We separate also here the reed furniture.

Senator WALSH. What was the ad valorem rate upon the basis of the bent-wood chairs? How does that rate compare with the finished bent-wood chair?

Mr. McCUMBER. The nearest I can give you is this, as I have stated: The rate on the unfinished chair is 33½ per cent. That is about 40 per cent of the finished chair when it is completed in the United States and put upon the market, as I have stated. Does that answer you?

Senator WALSH. Yes; but there is a different rate in the present tariff law on parts distinct from the finished chair. Is that true?

Mr. McCUMBER. No, I think not, because those are duty paid, not really as chairs, as they have said, finished or unfinished.

Senator WALSH. So the ad valorem rate would be the same.

Mr. McCUMBER. It would be the same.

Senator WALSH. Except, I suppose, the ad valorem rate would not include the value of the wood upon the chair.

Mr. McCUMBER. The ad valorem rate necessarily would include everything, but you can not import the ready-made chairs set up, for the reason that it is too bulky; it takes up too much room. The transportation would be too heavy. Therefore, it comes in what we call a knocked down state, which in the bent-wood chair is termed "unfinished."

There is paragraph 407, I think, which relates to reed furniture, and I will read the answer which I gave before the commission.

Senator KEYES. I think it is 410.

Mr. McCUMBER. Paragraph 410 is the only one that covered the bent-wood chair; 407 is a duty upon reed.

Senator KEYES. Four hundred and seven is hubs for wheels and wagon spokes; 410 is the one.

Mr. McCUMBER. All right, 410. It was discussed as coming under 407 in the House committee, and if I might have attention I can give you my answer to them which I stated there as follows:

Of course, if they could possibly come under 407 it would make a difference, but they could not. A single glance at paragraph 407 will show that it was never intended to cover the "house or cabinet furniture"—which, under the old law, was covered by paragraph 410.

The purpose of paragraph 407 was to give adequate protection to reeds wrought from rattan or from reeds; and the first clause of that paragraph refers only to the reeds themselves but, as you know, the wood or framework of reed furniture is generally wrapped all over with this reed so that nothing but the reed shows; and to continue the protection given to reeds the furniture covered by the reeds was given a special rate of duty. The use of the words "frames wholly or partly of wood" meant and was intended to mean that part of the furniture which was covered or partly covered by reed.

You can see the reason for that, and certainly, Mr. Barnes in his testimony, did not intend to convey the idea that the bent-wood chair even though some of the styles might have a cane seat which is not a covering, could by any logical reasoning come under paragraph 407. What Mr. Barnes was considering, as shown by his testimony, was a Bar Harbor chair, not a bent-wood chair, the former of which he spoke of here.

But even there I think the ruling was correct, because the word "frame" could only apply to something that had to be covered with some material, just as the set-up of sills, joists, and rafters constitute the frame of a building. You could not speak of a wooden chair or any other piece of wooden furniture as being the frame. It is the whole thing. If it could be called a frame, then all furniture of every description would come under paragraph 407 and there would be no use whatever of paragraph 410.

Mr. McCUMBER. I have substantially covered the case. I am going to ask leave of you to file a brief statement, which I think with your permission we will have printed so that it will be more convenient for ready reference, and that will close our presentation in the matter.

Senator WALSH of Massachusetts. Have you made any investigation into the financial investigation of these manufacturers of bent-wood chairs?

Mr. McCUMBER. I have some of them. I thought I would not be justified in discussing that matter, because some of them have made a great deal of money. And, of course, I take Mr. Barnes's statement as to those whom he represents.

Senator WALSH of Massachusetts. The impression seems to have been made that most of them have had financial difficulties.

Mr. McCUMBER. A great many of them have. Well, here is one company, without mentioning the name, if you do not call upon me to do so.

Senator COUZENS. Yes.

Mr. McCUMBER. This is the Great Northern. For company No. 1—that was the Great Northern. That was an increase in net worth in 12 years, from their financial reports, from \$67,000 to \$657,000, or an increase of 1,000 per cent over their original investment. And they paid, as well, very handsome bonuses which are described in the testimony.

Another company, which is the second, the Cheyboygan Chair Co.—

Senator COUZENS. Is that testimony presented here to this committee?

Mr. McCUMBER. Presented to the Tariff Commission. I am not certain that it was presented here.

Senator COUZENS. This was over a period of 10 or 12 years?

Mr. McCUMBER. Increased net worth in 12 years. That would be from 1927 and the 12 years preceding 1927.

Senator COUZENS. You don't know what their recent figures show?

Mr. McCUMBER. I don't know.

Senator COUZENS. You don't know what the figures for 1922 show?

Mr. McCUMBER. Those would run up to 1927.

Senator COUZENS. And away back from 1922 also?

Mr. McCUMBER. I think that was a new company that bought out an old company. I think they have been doing very well. It is a very successful company.

Senator COUZENS. I don't think the testimony is relevant unless it covers the last few years.

Mr. McCUMBER. I would be willing that you should get their last annual reports. We would be pleased to have them.

The other company, the Cheboygan Chair Co.—that is all we have for theirs, and that is \$775,000, with a capital at the beginning of \$100,000.

Senator COUZENS. Over what period?

Mr. McCUMBER. About the same period. No. 3—

Senator COUZENS. I don't think you need go into that.

Mr. McCUMBER. I wasn't going to do it at all except that I was asked to. I gave it for only what it is worth, because I admit it is not right up to date, and I don't know what it is at the present time.

I want to thank you, gentlemen, for the patience with which you have heard this statement?

(Mr. McCumber submitted the following brief:)

BRIEF OF THONET BROTHERS (INC.) AND JACOB & JOSEF KOHN AND MUNDUS (INC.)

DUTIES UNDER PRIOR ACTS

Imports of bent-wood chairs have heretofore been classified under the heading of house and cabinet furniture or manufactures of wood. By the provisions of the tariff act of 1913 an ad valorem duty of 15 per cent was imposed on these imports, and under the 1922 act this duty was increased to 33½ per cent.

By the bill as it comes before the Senate it is proposed to remove bent-wood chairs from the classification in which they have heretofore been placed, put them

in a separate classification and make the ad valorem rate 55 per cent. This would mean an increase of 66½ per cent over the duty imposed under the provisions of the 1922 law. Any such rate would make the importing of bent-wood chairs an economic impossibility, and we submit herewith data showing the reason for that conclusion.

INVESTIGATION BY THE UNITED STATES TARIFF COMMISSION

The United States Tariff Commission conducted an investigation, which started in 1923, for the purpose of determining what import tax should be imposed on bent-wood chairs. A public hearing was held in 1927, at which considerable testimony was taken, but no final report has been rendered to the President up to the date of the submission of this memorandum. However, a preliminary statement of information was issued by the commission in May 1927, and we propose to make reference hereafter to this statement as well as the testimony and briefs submitted in connection with the said hearing.

The two leading importers of bent-wood chairs who are filing this brief submitted certified public accountant's reports of the business conducted by them to the Tariff Commission.

The aggregate net profit for the year of these two, as shown in the reports, was as follows: \$38,209.43. The ad valorem import duty paid for that year was \$141,655.35 on the basis of 33½ per cent, which was and is the present rate under the 1922 tariff act. If the ad valorem import duty is raised to 55 per cent, this means an increase of 66½ per cent in the amount of the tax, or \$92,075.97. Deducting this increase, to wit, \$92,075.97, from the net profit for the year of \$38,209.43, the two companies would have a net loss on the basis of a 55 per cent duty of \$53,766.54.

These two companies are New York corporations, having a paid-in capital, practically all cash, of \$486,000. The above loss would be an 11 per cent annual impairment of capital, and it needs little reasoning to conclude that on the basis of such losses the companies could not remain in business and the United States Government would lose the revenue resulting from the present import duty as well as the income taxes of the corporation. This condition would be true of any year selected. The proposed rate is positively ruinous.

FINANCIAL CONDITION OF DOMESTIC CORPORATIONS AS DISTINGUISHED FROM IMPORTERS

The testimony and exhibits produced before the Tariff Commission as to the financial condition of the domestic companies, which have not been disputed or refuted, are conclusive proof of their ability to compete with the bent-wood chair importers, and we take from the evidence and the exhibits submitted the following example of three of the leading concerns located in different parts of this country:

Company No. 1, Great Northern Chair Co., Chicago, Ill.: Increased the net worth in 12 years from \$67,000 to \$657,000, or an increase of 1,000 per cent over its original investment, and paid, as well, handsome bonuses.

Company No. 2, Sheboygan Chair Co., Sheboygan, Wis.: Shows a surplus of \$775,000, with a capital of but \$100,000.

Company No. 3, High Point Bending Co., High Point, N. C.: Shows a net profit of 22 per cent on its outstanding capital stock.

Other domestic producers show equally splendid financial progress.

DOMESTIC PRODUCTION

While the United States Government statistics are not available segregating chairs into different groups as, for instance, bent wood, partly bent wood, or sawed wood, we refer to the only reliable figures that are available and they are taken from the Department of Commerce publications.

Domestic production:

Household furniture.....	\$571, 919, 060
Office and store furniture.....	115, 751, 536
Furniture for public building.....	24, 003, 350

712, 675, 946

Domestic exports.....	3, 183, 310
Imports: Imports of cabinet and wood furniture.....	4, 638, 422

DOMESTIC PRODUCTION AND IMPORTATION OF BENT-WOOD CHAIRS

According to the testimony taken by the Tariff Commission the importation of bent-wood chairs amounts to less than one-half of 1 per cent of all the chairs produced in the United States and about 5 per cent of the total bent-wood chairs produced in the United States. (P. 378, testimony before United States Tariff Commission.) No attempt was made to contradict or refute this testimony.

IMPORTED CHAIRS COST MORE AND WITH PRESENT DUTY ADDED MUST BE SOLD FOR MORE THAN THE COMPARABLE DOMESTIC CHAIRS

On the hearing before the Tariff Commission it was established beyond any question of a doubt that the domestic bent-wood chair sells at a lower price and costs less to manufacture than the imported bent-wood chair, Exhibit No. 56, submitted to the Tariff Commission (Exhibit B, this hearing, made up of comparative illustrations taken from various catalogues showing various styles of chairs all of which were bent wood in accordance with the latest definition by the United States Tariff Commission, shows the following comparisons:

On page 1, Group No. 1:		
Imported chairs, wholesale selling price.....	\$10. 75	
Domestic chairs, wholesale selling price.....	7. 00	
On page 1, Group No. 2:		
Imported chairs, wholesale selling price.....	12. 00	
Domestic chairs, wholesale selling price.....	7. 50	
On page 2, Group No. 2:		
Imported chairs, wholesale selling price.....	8. 00	
Domestic chairs, wholesale selling price.....	4. 30	
On page 2, Group No. 7:		
Imported chairs, wholesale selling price.....	10. 25	
Domestic chairs, wholesale selling price.....	7. 30	
On page 3, Group No. 2:		
Imported chairs, wholesale selling price.....	25. 50	
Domestic chairs, wholesale selling price.....	14. 45	

No refutation of these figures was made by the domestic producers on the hearings before the Tariff Commission.

So far as the medium and better grade of imported bent-wood chairs were concerned, it was shown that these constituted about 70 per cent of the imports, and so far as the question of protecting the domestic industry was concerned it was shown that no duty at all was required on these medium or better grade chairs. (See Tables Nos. 7 and 10 in the Tariff Commission Preliminary Report.)

The highest priced group compared showed the cost of the imported chair, without adding one cent cost for duty, to be \$3.561, while the cost of the domestic article was \$3.435. With the duty added, the imported chair cost \$4.061, making it approximately 20 per cent higher than the domestic article.

The comparisons made by the United States Tariff Commission embodied only the cheapest and some of the medium grade of bent-wood chairs. If the higher grade were included, the differential in favor of the domestic chair would have been much greater.

It is frankly admitted that there is a big differential between wages paid in Czechoslovakia, the main source of production of bent-wood, and the United States, but the imported chairs, nevertheless, cost more because they are principally made by hand labor, whereas the domestic production is manufactured principally by machine with the resultant low cost of manufacture usually resulting from mass production.

At this point, we wish to call attention to the figures read into the records of the hearing before the Committee on Ways and Means by Mr. Treadway. These figures are misleading. They do not represent costs of the product on a comparable basis; that is, upon the same degree of finish.

In his comparison of the imported and domestic chair he inserts two sets of figures which he takes from the Tariff Commission's preliminary report, which report made no attempt to compare anything but a few of the very cheapest chairs, and which set of figures did not include many items that entered into the imported article.

In giving the cost of imported article as \$1.30 the following items were not but should have been included:

Transportation from foreign factory to the United States.....	\$0. 156
Brokerage and marine insurance.....	. 056
Allowance for breakage of parts.....	. 034
Allowance for repairing warped and twisted parts.....	. 173
Retouching and refinishing parts marred in transit.....	. 118
Adjustments for side seat and rear bows.....	. 096
Adjustment of administrative expense and interest.....	. 074
Making instead of \$1.30 the total cost of without duty.....	2. 007
Duty added at present rate.....	. 44
Total with duty.....	2. 447

This is greater than the domestic cost mentioned in the table as \$2.168. But even this reported domestic cost is greater than the actual cost because there is included certain expenses of 11 warehouses of this particular domestic manufacturer scattered throughout the United States which would not be maintained for the bentwood chairs alone.

There should, therefore, be deducted from this the following proportion of warehouse expense (revised Table No. 7, United States Tariff Commission).....	\$2. 168
	. 134

Making the domestic cost (as against the imported of \$2.447)..... 2. 034

The committee should also remember that these tables are on the unfinished parts which never actually meet in competition. If taken into consideration when both the domestic and imported chairs are completely finished the cost of the imported bentwood chairs even of the cheaper grade, is about 20 per cent more than the domestic chairs.

Referring to the further figures inserted in the hearing before the House committee, we call attention to the fact that in the comparison of the \$2.52 and the \$2.05 chair there were similar omissions.

After making allowances for these and added selling expense to both the domestic and imported chair, and with the present rate of duty, the imported chair set up and in selling condition at the principal wholesale market cost \$3.391. The cost of the complete domestic chair is \$2.70. (See pp. 2818-19, House hearing.)

These are on the cheapest grade of chairs. On the medium and higher grades the spread between the domestic and the imported chairs shows a very far greater advantage to the domestic producer.

This spread is also reflected in the selling price of the two chairs as shown therein and in Exhibit B.

If the committee will call in any expert from the Tariff Commission we are sure he will agree that the additions we have made are necessary in order to have comparable chairs. The Tariff Commission admits this in their preliminary report, pages 52 and 53.

AMERICAN AND FOREIGN LABOR

American labor is not adversely affected by the present import duty on bentwood chairs, because the imported bentwood chair laid down in the selling market has more American cost in it than foreign. The United States Tariff Commission, in its preliminary statement (Table No. 10) shows that 60 per cent of the cost of the imported chair laid down in the selling market here is made up of American wages, materials, and overhead.

Bentwood chairs are not imported into this country as finished salable articles. The importers purchase partly finished material in parts which are completed by work in their plants in New York City. The major portion of the cost of the complete chair is incurred in the United States.

This same investigation showed that, by virtue of New York City location, the wages paid by the importers in their plants in New York City were more than double those paid by the domestic producers located in various cities of other States. In addition to this, the importers (who are domestic corporations) pay duty to the United States Government.

So far as foreign labor is concerned as we have pointed out, the labor applied to bent-wood chairs in Czechoslovakia is principally hand labor, economically, it can not compete with machine mass production.

WE BELIEVE THE HOUSE WAYS AND MEANS COMMITTEE RAISED THE RATE ON A MISCONCEIVED IDEA THAT BENT-WOOD CHAIRS WERE MANUFACTURED OF BIRCHWOOD

The subcommittee of the House Ways and Means Committee after a public hearing reported the proposed tariff act with a rate of 40 per cent ad valorem, and without taking any further evidence or without any further hearings, this duty was increased by an amendment to 55 per cent ad valorem just before the bill passed the House.

An effort was made to ascertain the reason for this increase and the only answer obtainable was that inasmuch as the committee had scheduled a 15 per cent ad valorem duty on birchwood, it was thought necessary to fix a compensatory duty on bent-wood chairs under the belief that they were made of birchwood whereas, as a matter of fact, birchwood is not used in imported bent-wood chairs. The wood used in the manufacture of bent-wood chairs is beechwood, and on this material no duty is imposed under the provisions of the House bill.

THE CLAIM OF THE ONLY DOMESTIC PRODUCER APPEARING BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE

This domestic producer was one of the petitioners to the United States Tariff Commission for an increase in duty on bent-wood chairs, and as a result of the petition signed by it and others, the investigation heretofore referred to by the Tariff Commission was made, and a hearing held in 1927.

The importers submitted their brief and at considerable expense were compelled to defend themselves against the complaints of the domestic producers, which these domestic producers knew were unjustified, a reading of the testimony taken before the Tariff Commission will lead to no other conclusion. This domestic producer made before the Ways and Means Committee of the House a complaint that it could get no relief from the Tariff Commission after six years effort and attributed this to the adroit ability of counsel for the importers. This may be very complimentary to the sagacity of the importers in employing competent counsel, but we do not think that any of the domestic producers need any sympathy because of such ability. The domestic producer has resources far beyond the ability of the importers to marshal and we have no hesitancy in saying that the domestic producers brought before the Tariff Commission all the evidence that it was possible for them to adduce, including a vast amount which consumed only time and was aside from the point of issue.

If the Tariff Commission could find any justifiable reason for increasing the duty on bent-wood chairs we think it fair to assume that they would, undoubtedly, long before this have made a report to the President recommending such an increase. It may be well to note here that no final report has been made by the Tariff Commission.

The following significant facts will appear from a reading of the testimony:

One domestic producer, the Great Northern Chair Co., of Chicago, Ill., manufactures cheaper and sells cheaper than anyone else in this business, and that, with the present rate of duty, the importers are unable to and have been unable to compete with this concern on the cheap type of bent-wood chair. Moreover, if the heavy load of expense included in the costs of Heywood Wakefield Co. for its 11 warehouses scattered throughout the United States was eliminated, as it should be—the treasurer of this company testified at the United States Tariff Commission hearing that these warehouses would not be maintained for bent-wood chairs alone—the domestic cost in the tables as compiled by the Tariff Commission would be materially lower than the importers' costs without any duty at all.

This same domestic producer endeavored to create the impression before the House Ways and Means Committee that its business was being ruined by the importation of bent-wood chairs, and yet the treasurer of that domestic company testifying before the Tariff Commission admitted that bent-wood chairs was but 3 per cent of its business.

The figures this domestic manufacturer uses in connection with imports of bent-wood furniture as shown on page 2837—Tariff Readjustment, hearings before the Committee on Ways and Means—are misleading. These figures

were obtained from Table No. 3 in the United States Tariff Commission report and that report distinctly states on page 13, which is the page following Table No. 3 that chair parts would be classified as manufacturers of wood n. s. p. f. rather than as chairs or furniture.

The table on page 2837, so far as the import of chairs from Czechoslovakia is concerned, is erroneous, because in the year 1923 where the imports are shown as \$1,909, these importers themselves reported many thousands of dollars worth of chair parts, so that you can reach no other conclusion but that the chair parts were included in the items house or cabinet furniture and manufacturers of wood, n. s. p. f. The analysis made by the Tariff Commission of 1924 invoice data and other information obtained from importers and customs officials confirms this conclusion. See page 11 of United States Tariff Commission Preliminary Report, where they say: "Table No. 2 shows general imports of furniture of wood from Czechoslovakia and from Poland and the free city of Danzig, from 1920 to 1926, inclusive. Table No. 3 shows imports for consumption from the same sources from 1923 to 1926, classified as (1) chairs, (2) house or cabinet furniture, and (3) all other wood furniture, n. s. p. f. An analysis of 1924 invoice data and information obtained from importers and customs officers indicate that most of the imports from Poland and Czechoslovakia included in the above classifications are bent-wood chairs."

There unquestionably has been an increase in the value of imported bent-wood chairs, but the table quoted on page 2837 would create impressions that are not borne out by the facts. We call attention to this for the reason that we do not want the impression gained that there was any such vast increase in chairs as would be indicated by the table. This domestic producer, by showing the falling off in its bent-wood chair productions from 1924 to 1928, seeks to create the impression that this was caused by the increased importations from abroad. This impression is again erroneous.

The falling off of this particular domestic producer's business in bent-wood chairs is due to the fact that it produces a cheap grade of chair for which there has been a lessening demand so far as all producers are concerned, domestic as well as importers. This type of chair includes about seven or eight groups that would come within the definition originally suggested by the Tariff Commission, which was as follows: "A bent-wood chair is a chair in which each of the principal sections of the frame is bent to its ultimate form from a single piece of wood, instead of being fabricated from several pieces cut and fitted together." When the Tariff Commission realized that this definition excluded 60 to 70 per cent of the importations and a considerably larger portion of the domestic production, it modified this definition. The design of this cheap type of chair originated about 75 years ago, and this domestic producer to whom we refer confines its styles to practically this type.

One of the reasons why the imports have increased in value is because of the better type of chair now manufactured by the importers. This, of course, is due to the public demand for the same. The public are demanding a better and more artistic kind of merchandise than that to which it had been accustomed prior to the war.

A concrete example of this is the chair used in the Childs's restaurants. Ten or 12 years ago this company purchased a cheap chair for about \$3. To-day they pay upwards of \$15 each for chairs. What is true of this particular case is true in the trade in general.

Another factor contributing to this decreased demand is the use of folding chairs, both in metal and wood. Still another factor is the use of cheap, fancy painted chairs. They are far more pleasing in appearance and are less costly.

Another factor in this diminishing demand for this cheap type of bent-wood chair is the abolition of the saloon, which was the biggest single sales outlet for this cheap type of chair.

Yet this domestic producer, because of its failure to adapt itself to the modern demand, is seeking a prohibitive duty to protect it in the manufacturing of an antiquated, cheap type of chair, and if this duty is enacted into law it will ruin well-established business concerns that have been in existence in this country upwards of 75 years, such as the importer submitting this brief.

The mercantile reports of other domestic companies submitted to the Tariff Commission indicate clearly that these companies find no difficulty at all in competing with the importers.

This domestic producer brought in some irrelevant testimony before the Tariff Commission about labor rates in Czechoslovakia and endeavored to compare them with rates in its own factory.

We again admit that there is a differential in labor rates between Czechoslovakia and United States just as there is a differential in labor rates between New York City plants of the importers and the Massachusetts plant of this domestic producer, but by virtue of the mass-production methods by machine here as against hand labor in Czechoslovakia the cost of the imported article is more, as was brought out at the hearing.

This domestic producer tried to make out a case against the importers because certain of the imported chairs were in the House restaurant and in the Mayflower Hotel.

This argument really has no weight, because this domestic producer had specified by the United States Government in one single order just a few months ago more chairs of this manufacture than the two leading importers sold to the Government in the last five years. As to the chairs in the hotel, they represent less than 1 per cent of the value of the domestic furniture that went into that particular hotel. To be exact, there were a few dozen chairs for the coffee shop, while thousands of domestic chairs went into the ballroom, dining room, bed rooms, etc. We submit that such isolated cases are not the kind of evidence on which to base an increase in duty.

This domestic producer took an isolated case of the purchase of one single chair from a sporadic importation and asked the Ways and Means Committee to disregard the findings of the Tariff Commission in an investigation which was started at its instance and take in its place its guess as to the importer's costs, although the Tariff Commission had experts visit the importer's plants, audited their books, interrogated their officials, etc. Why does not this domestic producer accept the findings of the Tariff Commission? Why does it say the importer's discussions of costs, etc., are technical? Most certainly technical costs are a better basis than mere guessing. On page 2837 it says: "Allowing 25 cents for setting up, complete, refinishing, and packing." What did it allow for its company? It did not say, but it arrived at a cost far different than what the Tariff Commission discovered. Applying the costs as ascertained by the latter's experts the imported chair would cost more without one penny for duty than the domestic chair.

This domestic producer, although it complained that the importers have tried to cloud the issues before the Tariff Commission by introducing the question of medium and high grade bent-wood chairs, uses Table 5 to show sales of bent wood when the testimony and records of the Tariff Commission show that from 60 to 70 per cent of the sales shown for the importers represent these medium and higher grade chairs which were not compared by the commission at all. In the domestic table practically all of the cheaper types are compared by the commission. As brought out at the hearing, if the medium and better chairs of domestic origin were included the proportion of importer's chairs would be about 5 per cent.

Although this domestic producer complains about weighted averages and technical discussions of costs (p. 2837, House hearings) it introduces into the evidence Table No. 17, as compiled by the United States Tariff Commission, but it eliminates the text accompanying this Table No. 17. (See pp. 52 and 53 of the United States Tariff Commission report.) The very first sentence of this list is, "It should be noted in connection with Table No. 17 that knocked-down chairs as such do not customarily enter into competition * * * but the general custom in the domestic market is to sell the chairs set up and in this connection we refer to Tables Nos. 7 and 10, United States Tariff Commission Preliminary Report, and the corrected Tables Nos. 7 and 10 as shown on pages 2819 and 2821, House hearing."

In concluding we wish to say:

1. There was not a scintilla of evidence presented to the Ways and Means Committee that any imported bent-wood chairs, when finished and placed in competition with its comparable domestic chair at the principal market in the United States, costs one cent less than the like domestic chair.
2. That the very cheapest group of chairs compared by the commission costs, with present duty, about 20 per cent more than the comparable domestic chairs.
3. That every medium priced imported bent-wood chair costs considerably more than the comparable or like domestic chair.
4. That every high-priced imported chair costs very much more than the comparable or like domestic chair.
5. That 60 to 70 per cent in value of the imported bent-wood chairs are of the medium and high grades, which cost much more than the like domestic chairs, and only about 30 per cent to 40 per cent of the imported bent-wood chairs are

of the lower group, the cost of which, when laid down in Chicago, is just more than the domestic without the present duty added.

6. Therefore, there are three great industrial reasons why no protective duty whatever is needed: First, because the imports are negligible when compared with domestic production; second because the imported chair costs more than the comparable domestic chair; third the imported chair is placed on the market at a very much higher price, and hence it is not and can not be said to be, in competition from a price standpoint. This is particularly true of the medium and higher priced groups of chairs.

CZECHOSLOVAKIA

Czechoslovakia practically owes its existence to its recognition by the United States which, as a matter of fact, recognized it before its territorial limitations were fixed by the peace pact. The importations from Czechoslovakia to the United States amount annually to about \$40,000,000, according to statements made by Doctor Klein, while the United States exports to Czechoslovakia about \$70,000,000 annually, the principal item of which is cotton.

It is not our intention to act as an advocate for the Czechoslovakian Government because we assume this will be done by its diplomatic representatives, but because of some 75 years' association with the factories in that country we think the attention of Congress should be called to this prohibitive item in the proposed tariff bill which, if enacted into law, will make it impossible to carry on this business.

Respectfully submitted.

THONET BROS. (INC.)
JACOB & JOSEF KOHN & MUNDUS (INC.)
New York, N. Y.

SUPPLEMENT

405

CEDAR LUMBER

[Par. 401 (b)]

BRIEF OF WILLIS P. MORIN, REPRESENTING THE NORTHEASTERN RETAIL LUMBERMENS ASSOCIATION (INC.), ROCHESTER, N. Y.

[Including shingles, par. 403]

Hon. REED SMOOT,
*Chairman Senate Finance Committee,
Washington, D. C.*

GENTLEMEN: It is our purpose to present for your consideration our reasons for asking that lumber and shingles be retained on the free list. The Northeastern Retail Lumbermens Association, the members of which have unani- mously and emphatically expressed their opposition to a tariff on lumber, shing- les, and logs, represents upward of 1,000 companies, located principally in the States of New York, Massachusetts, Connecticut, and Rhode Island, with a scattering membership in New Hampshire, Vermont, and Maine. These retail companies do an annual business of approximately \$400,000,000. Inasmuch as many of these firms sell mason materials such as cement, brick, tile, plaster, wall board, insulation, composition roofing, and shingles, in addition to lumber, it is safe to say that at least \$200,000,000 of lumber is merchandised annually by these companies.

Among these firms are some very substantial retail yards and wholesale dis- tributors. All of these concerns are doing business every day with house build- ers, contractors, carpenters, farmers, and manufacturers using lumber as con- sumers. Our members advise with these small-home builders, assist in plan- ning for the remodeling of old homes, and aid the owner in selecting the proper material for repair jobs. I feel, therefore, that we are competent to offer some suggestions bearing on this proposed tariff on red cedar lumber and shingles which merit serious consideration.

First of all, we want it clearly understood that we do not dispute the principle of protection for industries that are being undersold by foreign competition. Neither do we believe in protection for any industry which can compete on equal terms with competitors outside our border. And/when the country in which those competitors are located is one of our best customers, we feel that to erect a tariff wall against it is to most seriously injure ourselves as a producing nation. It is not necessary for us to cite statistics on our exports to and our imports from Canada. You are fully familiar with the figures. The fact stands out that the imposition of a tariff wall will promote retaliation in the form of other tariffs levied against our own industries.

Naturally our opposition to the tariff on lumber and shingles passed by the House of Representatives arises from the effect we believe it will have on the customers with whom we do business. In the Northeastern States we have thousands of farmers and home owners in small towns and cities who use red cedar shingles manufactured in Canada for new building and repair work. These people want a quality product. For Canadian shingles they willingly pay a higher price rather than buy American made shingles at a lower price. The reason is that our customers want a high-grade edge-grain shingle. They do not want a low-grade slash-grain shingle. As a matter of fact, we, as retail lumber merchants, have educated our customers to demand a quality shingle. We have taught them to call for quality edge-grain shingles, because experience has shown that these shingles will wear much longer and are of much greater ultimate value in actual use. Low-grade slash-grain shingles are rightly barred from use by the building codes of many of our towns and cities. We concur with the recommendation of many of the highest authorities that a slash-grain shingle

should never be used on a roof. It logically follows that the market for low-grade slash-grain shingles for roofing purposes becomes less and less as consumers learn what products best meet their needs.

Therefore we are face to face with the fact that we can not force upon the consumer a low-grade slash-grain red cedar shingle. We must buy our high-grade shingles from manufacturers who produce them. At the present time we are buying these high-grade shingles largely from Canadian manufacturers. The reason is obvious. Approximately 80 per cent of our high-grade shingles are made in Canada. It is impossible to buy all of the high-grade shingles we consume from American manufacturers. We therefore turn to the Canadian manufacturers as our principal source of supply.

The fundamental reason for a tariff, as we understand it, is to protect American industry against underselling foreign competitors. If this is true, the American shingle manufacturers need no protection. We, as buyers, are already paying as much, and in most cases more, for shingles of Canadian manufacture than we do for shingles of equal grade produced on this side of the international boundary line. Wherein, then, lies the need for protection?

There is another factor which has a vital bearing on the market for red-cedar shingles. The aggressive merchandising methods of so-called "substitute" shingle manufacturers have made heavy inroads on the market for wooden shingles. The gains of these competitors have been made largely because of the admitted inferiority of the slash-grain wooden shingle. Only a high-grade edge-grain shingle can meet this competition, and it can meet it for the most part successfully. If then we are going to radically increase the price of the only effective competitor of the composition shingle, we will simply bar high-grade red-cedar shingles out of the American market. In recent months red-cedar shingles have increased in price from 25 to 35 per cent. As a matter of economics, it is simply impossible to add a further increase of 25 per cent to the manufacturers' price and sell red-cedar shingles in competition with so-called "substitute" shingles. We are amazed at the business judgment of manufacturers who believe it is possible to increase present prices of red-cedar shingles between 60 cents and \$3 per thousand. We are opposed to this tariff, because we desire to hold the business we have sell the customer a product which experience has qualified as suited to the purpose it is sold for.

There are those who testified before the Ways and Means Committee that the retail lumber dealer is able to absorb this tariff levy of 25 per cent out of his gross margin, and thereby avoid an increase in price to the consumer. On the face of it this statement is so fallacious and absurd, that it hardly requires a refutation. We would call your attention to our brief filed with the Committee on Ways and Means of the House of Representatives, in which this subject was dealt with at some length. It suffices to say at this time that the margin of profit of the average retail lumber company is so narrow that it would be absolutely impossible not to pass on this increase in cost to the consumers, provided, of course, that the retail dealer is able to sell red-cedar shingles at the price at which he must sell them if this tariff goes into effect.

We do not propose to take your time with a discussion of the proposed tariff on cedar lumber. We will cover it with the statement that, in our experience, we are not able to buy cedar lumber from Canadian manufacturers at a lower price than we can buy from American manufacturers. On the whole the prices, month in and month out, are on practically the same level. Most of our requirements are purchased from American manufacturers. It should be said, however, that redwood is a strong and growing competitor of red cedar and that in several districts the price advantage of redwood lumber is inducing us to use that material instead of red cedar.

Our contention is that there is no sound reason to justify a tariff on lumber and particularly on shingles. It is neither reasonable nor just to tax the consumers of this country for the benefit of manufacturers who can not sell their product against the competition of a competitor who has a higher scale of prices. If the shingle industry of Washington and Oregon is suffering from depression, which we very much doubt, it is not because their prices are so high that they can not get the business. The answer is rather to be found in the fact that the customers do not want the kind of product they manufacture and do want the product which is manufactured in Canada. This is a condition which does not require a tariff to remedy. A revision of manufacturing processes and merchandising methods is the solution of this difficulty, not a tariff which will still further depress the market for high-grade edge grain shingles, the only kind of shingle which we should sell to the public for roofing purposes.

Our members, reflecting in turn the opinion of their customers in every section of the Northeastern States, are firmly opposed to this tariff which has been adopted by the House of Representatives.

We earnestly hope that you will see fit to strike this levy of an unjust and unceded tariff from lumber, shingles and logs.

Respectfully submitted.

NORTHEASTERN RETAIL LUMBERMENS ASSOCIATION,
By W. P. MORIN, *President.*

MAPLE AND BIRCH LUMBER

[Par. 402]

SUPPLEMENTAL BRIEF OF THE PLUNKETT-WEBSTER LUMBER CO. (INC.), NEW ROCHELLE, N. Y.

JULY 10, 1929.

HON. JAMES COUZENS,
*Finance Committee, Senate Office Building,
Washington, D. C.*

MY DEAR SENATOR: I respectfully ask that the following facts, in connection with the proposed duty of 15 per cent on birch and maple lumber, be considered along with the other briefs and testimony already in the record.

Mr. Bennet, chief proponent of a duty on birch and maple lumber, is an attorney not a lumberman, so that his lack of real knowledge in the matter is perhaps excusable, but as his statements are largely made without any reservation, they require answer.

Please note his statement before your committee to the effect that 55,000,000 feet of birch and maple lumber is the correct amount imported from Canada and compare it with his positive statement before the Ways and Means Committee (Document No. 40, p. 8437), that in birch alone Canada shipped to Detroit 62,000,000 to 67,000 000 feet and to Chicago 8,000,000 feet.

Also, please note his positive and unqualified statement before your committee to the effect that the Breece-White Manufacturing Co., of Arkansas City, Ark., were not manufacturers of maple lumber. As a matter of fact, they not only manufacture maple lumber but they ship maple lumber to Canada.

Mr. Bennet in his several appearances before your committee states that the United States producers are at a disadvantage as to freight rates. We ask that instead of Michigan and Wisconsin freight rates to New England being the entire subject of consideration in connection with this matter, that a fair comparison of rates from producing points on both sides of the line from Wisconsin to Maine be made with regard to the natural geographical consuming centers. Sworn freight rates have been submitted by us and prove conclusively that any of the United States hardwood consuming centers can draw from United States hardwood producing mills on a lower freight rate basis than from any representative Canadian producing section.

Mr. Bennet states that the average Canadian price on birch is \$25 per thousand. Please note page 2653, Schedule 15, Tariff Information, United States Tariff Commission, and observe that the value per unit of hardwood imports was as follows:

1927.....	\$58. 88
1928.....	52. 83

more than double the figure given by Mr. Bennet.

Mr. Bennet quotes a former premier of Canada as saying that Canada's remaining lumber supply is very limited. This is all too true and applies with equal force to the United States. We should draw on the foreign supply while we may.

Mr. Bennet cites the need of tariff regulation to promote employment and the consumption of agricultural production. If his position is actuated by sympathy for the farmer and laborer, how does he reconcile his position with the fact that we manufacture and export to Canada more than twice the amount of hardwood we import from her.

Briefs already filed showing sworn lumber cost statements of Canadian hardwood manufacturers in comparison with that filed by Mr. Bennet as to the costs of United States producers, refutes completely his claimed difference in labor cost.

Mr. Bennet proposes that white birch enter free of duty. We agree with this except we beg to call the attention of your committee to the difficulty of distinguishing white birch from yellow birch. We believe highly trained wood specialists with laboratory equipment would be required by the customs authorities to make this distinction.

Mr. Bennet states, "Canada puts a tariff on boards, planks, deals, laths, and ceiling." The fact that in 1928 the United States shipped to Canada 125,000,000 feet of hardwood and that no duty was collected on it by the Canadian Government should refute this argument.

Very truly yours,

PLUNKETT-WEBSTER LUMBER COMPANY,
E. R. PLUNKETT, *President.*

**BRIEF OF JOSEPH P. DUNWOODY AND FRANK M. ZELLER,
PHILADELPHIA, PA.**

[Including cedar lumber, par. 401 (b), and shingles, par. 403]

To the CHAIRMAN OF THE COMMITTEE ON FINANCE,
United States Senate, Washington, D. C.:

The undersigned, lumbermen of 40 years' standing, who have been very much interested in the marketing and manufacture of maple and cedar lumber products, can see no valid reason for especially picking out these two forest products for the purpose of levying a duty of 15 per cent ad valorem on maple or 25 per cent ad valorem on cedar lumber and cedar shingles; if the protective policy of the United States required the enactment of a tariff on lumber and forest products and the Congress deems that principle as wise and expedient, then a scientific study of the whole realm of forest products including pulpwood, print paper, fir, hemlock, spruce, balsam, and white and yellow pine should be considered and it is manifest that cedar and maple should not be singled out.

We are unalterably opposed to any change whatsoever in the lumber schedule from that which exists in present act on maple and cedar for the following reasons:

1. In the interest of conservation, the very slight amount of hard white maple stumpage, in the Eastern and New England States, together with that in the States of West Virginia, Tennessee, Michigan, and Wisconsin, unquestionably warrant the conservation of that lumber in those States. Hard white maple is a northern-grown wood of the snow country and the bulk of our supply of this lumber comes from the north and largely from the Dominion of Canada.

The south southern maple does not compete with it at all, as that is used for other purposes; our supply is very limited and we depend on Canada for our supply largely, and our slight local stumpage should be conserved. Practical demonstration of the burden that has already been foisted upon our American house builders is shown by the fact that since this 15 per cent duty has been agitated, in Washington, on maple, the price of No. 1 and No. 2 maple has risen \$12 to \$15 per thousand feet. All this within the past three months.

2. Whilst it is true that, due to overproduction, there has been some slight recession in the price of cedar shingles, this has been due to other economical causes, and the proposed tariff on cedar will not help the situation, except it will add an unwarranted charge on the roofing material and sideboards of the home of the American wage earner, the farmer and modest bungalow owner. There is no rhyme or reason in this tariff makeshift; over production and (increased overproduction due to increased taxes) in our cedar-growing States is at the bottom of this disorder a sample case in the State of Washington on a 30,000-acre tract shows that taxes increased from 17.2 cents per acre in 1905, to 83.3 cents per acre in 1913, an increase in eight years of 400 per cent or an average tax increase of 50 per cent per annum by the local tax boards of Washington.

A rational tax rate on stumpage owned and a rational production stabilized and a reasonable prorating of controlled output as our northern neighbors protect and stabilize their pulp and print-paper production is what the Congress should recommend, and this is not a tariff question at all.

3. The largest producer of cedar products in Seattle, Wash., import all their cedar logs from British Columbia free, and if the United States levies a tax of 25 per cent ad valorem on cedar, then cedar logs are prohibited from being exported to the United States and a double blow will be struck; that industry will

be killed and our own cedar reserves will be that much depleted. The farmer's cedar shingles will be increased in cost in an amount equal to \$25 per thousand board measure.

4. There has been millions of dollars of American capital invested in the cedar and allied wood production on Vancouver Island under the very beneficent tariff regulations promulgated between both countries, and it is a very manifest injustice, in our judgment, against these American investors in British Columbia if they are to be bankrupted by the imposition of a prohibitory tariff of 25 per cent against their investments there.

Statistics, United States lumber industry, the United States census

(Sergeant's Reports, June, 1880)

	Feet board measure
Pennsylvania:	
1880. Stand of white pine.....	1, 800, 000, 000
1880. Stand of hemlock.....	4, 000, 000, 000
Total timber standing.....	5, 800, 000, 000
1895. Entire original stand practically all cut.	
Michigan:	
1880. Stand of white pine.....	35, 000, 000, 000
1900. Entire original stand practically all cut.	
Wisconsin:	
1880. Stand of white pine.....	41, 000, 000, 000
1900. Entire original stand practically all cut.	
Minnesota (except Indian reservations):	
1880. Stand of white pine.....	8, 000, 000, 000
1900. Entire original stand practically all cut.	

In less than 20 years, in these five States, the entire virgin stand of sound merchantable timber, amounting to 90,000,000,000 feet, was practically all gone.

Two-thirds of the original forest area of the United States has been lumbered, culled, or burned.

Three-fifths of our original timber supply is gone.

Pennsylvania is now paying annually more than \$25,000,000 freight on the lumber that it imports and uses, and \$100,000,000 for the timber consumed in this State.

New England contains less than 5 per cent of her original virgin forest.

New York, with the scant remains of her forest areas, now only supplies one-tenth of her local requirements.

Pennsylvania, the leading lumber-producing State—1870-1880—has practically depleted her big stands of timber; she produces only enough to supply Pittsburgh.

What the American forests need now is conservation until our controlled production will equal consumption requirements, and until this time arrives it is absurd to change the present schedule.

JOS. P. DUNWOODY,
20 South Fifteenth Street, Philadelphia, Pa.
FRANK M. ZELLER,
16 North Front Street, Philadelphia. Pa.

LETTER FROM HON. WILLIAM S. BENNET, CHICAGO, ILL.

JULY 5, 1929.

Mr. ISAAC M. STEWART,
Clerk, Committee on Finance, United States Senate,
Washington, D. C.

DEAR MR. STEWART: When I was before the subcommittee (No. 4) on the wood schedule on June 19, Senator Thomas asked me to obtain from the two companies to which I have called the attention of the committee as manufacturers of synthetic wood the price at which their product was sold and a comparison of that price with the price of lumber. One of the corporations writes me that its product is ordinarily retailed at \$50 a thousand feet, surface measure, and the other writes me that it is absolutely impossible to set up a comparative statement as between their prices on their product and lumber.

I think, therefore, that this letter might go in the record in connection with my testimony of June 19, when Senator Thomas asked the question, carrying the statement that synthetic lumber can be purchased at retail at \$50 a thousand, surface measure.

Very truly yours,

WILLIAM S. BENNET.

SHINGLES OF WOOD

[Par. 403]

SUPPLEMENTAL BRIEF OF J. A. EDGE CUMBE, REPRESENTING THE EDHAM CO. (INC.), MINNESOTA TRANSFER, MINN., AND OTHERS

REPLY TO BRIEF OF UNITED STATES CEDAR INDUSTRY ON CEDAR SHINGLES

The public hearings on the tariff bill so far as relates to shingles have now been completed and the arguments advanced by the tariff proponents have been fully stated to Congress. A careful examination of the record discloses the facts pertinent to the inquiry which merit attention, although the fact that a tariff on shingles is necessary or that there is unfair competition has been thoroughly disproven. The two facts advanced by the tariff proponents to which we have referred are that the domestic production of shingles has declined in the past 15 years and shingle imports from Canada have increased materially. It is true beyond question that so far as domestic production of cedar shingles is concerned, there has been a substantial decline since 1908. The records of the Census Bureau show that during the next three years shingle production in this country declined 3,000,000,000 shingles. From 1912 to 1919 production declined an additional 3,000,000,000 shingles. It is significant to note, therefore, that 50 per cent of this decrease in production occurred in the three years during which the Payne-Aldrich tariff bill imposed a duty on shingles; while the decline from 1913 on—when shingles were admitted free of duty—was also 3,000,000,000 in a period of seven years. It is natural to assume from this record that the tariff had very little, if anything at all, to do with this decline in production, and this view is supported by additional evidence.

In the first place, as has been shown in the record, the development of substitute roofing materials began in this country to progress rapidly after 1908. In that year, as measured in square feet of roofing, shingle production was 50 per cent greater than that of patent roofing material. From then on production of this material shows a rapid and steady growth and the same comparison made in 1927 showed patent roofing production over three times that of shingles. This to our mind shows clearly that the domestic shingle industry has lost the largest part of its former market to a competitive material made in the United States. Another reason which readily accounts for the narrowing of the markets for wood shingles is the large number of American cities which within the past 15 years have prohibited the use of wood shingles by municipal ordinances. The exact amount shingles have lost through this means can not be accurately estimated but it is known to be substantial inasmuch as there are ordinances in approximately 200 large American cities.

The record also shows that an equally important factor in the decline of shingle production has been the depletion of timber in the shingle manufacturing regions. The South and the Lake States, formerly heavy producers of shingles, have entirely ceased producing, or produce a quantity so small as to be negligible, because of the exhaustion of their timber supply. In the States of Washington and Oregon a similar process has been going on. Twenty or twenty-five years ago heavy stands of timber of the low-lying lands adjoining Puget Sound were the rule in the State of Washington. In this low-land belt was found the highest percentage of cedar. As timber has been removed and cutting has gradually receded toward the mountains, the character of the timber has changed. Less cedar in proportion to the other species is now being obtained. This percentage of cedar in the past 20 years has decreased from approximately 20 per cent of the stand to in the neighborhood of 12 per cent. Cedar is only produced incidentally to the production of other species; consequently the cedar supply available on the market for shingle manufacture and other uses has tended to steadily decline until to-day we have reached a stage where as the record shows

shortages of cedar logs, for the manufacture of cedar lumber and cedar shingles are of common occurrence. This decline in the available quantity of cedar was one of the fundamental causes underlying the increase in production of shingles in British Columbia. The exhaustion of the domestic timber supply forced many American operators to seek their raw material in the British Columbia country tributary to Puget Sound, and to some extent the growth of imports from Canada merely represents a shifting of the sources of raw material supply caused by depletion in Washington and Oregon.

Many of the mills located on tidewater in Washington have been able to continue operations through the possibility of securing British Columbia logs in the Puget Sound log market, but many of the inland mills who are entirely dependent on local supply have been forced to discontinue business through the exhaustion of their local supply. The development of Canadian imports has also been stimulated by the advertising efforts of British Columbia shingle manufacturers. The public has been educated to the fact that shingles are not just shingles and that a properly manufactured and graded edge-grain shingle is not a fire menace and will give long service in use. These facts have gradually built up a demand for this type of shingle, but so far the majority of producers in Washington and Oregon seem not to have learned the lesson that it teaches and have continued to devote most of their attention to the production of an inferior type which in no way competes with the high-grade shingle, its competition being with other types of roofing.

It is now by no means an uncommon occurrence to find an oversupply of low-grade shingles with the consequent weakness in price, while at the same time there is a shortage of high-grade shingles and a tendency toward rising prices.

The writer from personal experience has found this situation developing again and again. A recent instance will illustrate. Desiring to purchase some 40 carloads of high grade edge-grain shingles, the writer made a trip through Washington among the shingle mills, several of whom expressed alarm because they had no adequate volume of orders on hand or in sight. An offer of part or all of the order, failed however to interest them even at top market prices since they were unwilling to produce the type of shingle demanded. The writer consequently found himself unable to place his order among any of the Washington mills, those producing any quantity of high-grade shingles being fully sold up on this type of shingle, although the majority of the mills were unwilling to produce them.

The unwillingness of the Washington manufacturer to accept orders for high-grade shingles is easily explained by the fact that they feel they can make more money by using the better class of logs for the manufacture of cedar lumber or exporting logs to the Orient, leaving only the very poorest type of logs for shingle manufacturing; and with these poor logs running their shingle machines at high speed to secure the maximum number of shingles in the minimum of time. Briefly stated, they hold to low-grade quantity production regardless of the market's ability or lack of ability to absorb the output.

The cedar industry subcommittee has filed with the Senate Finance Committee a brief in support of a tariff on cedar shingles. Much of this brief is devoted to a general plea for a tariff and to picturing the supposedly distressed condition of the industry in Washington and Oregon. So much of this sort of argument has been disproved by the record that it does not seem necessary to repeat it here. Certain statements, however, made by the supporters of this brief should be corrected.

The proponents of the tariff indicate that there is much unemployment of labor, due to the depressed conditions in the shingle industry and to the inability of mills to operate. Unemployment conditions have been very fully covered in connection with the lumber brief filed with your committee and there is nothing to indicate any abnormal unemployment in the forest industries of the Pacific Northwest. Furthermore, the statement that the industry employs 10,000 men is open to serious question. Certainly this is not true of the manufacturing end. The figures of the Tariff Commission show that in Washington and Oregon there were in 1926, 883 shingle machines in operation. It is customary in a shingle mill to figure that on an average about three men are required to each machine operated. This would place the total number employed in manufacturing shingles at 2,629 men. As Washington and Oregon produce only about 250,000,000 feet of cedar lumber, 1,000 men would be a liberal allowance for this part of the cedar industry, or a total of not to exceed 3,700 men in all branches of manufacture.

Another misstatement of fact by proponents of the tariff is to be found on page 13 of their brief where they state "While certain grange organizations have entered resolutions against a tariff on shingles and cedar lumber, it should be noted that the granges of Washington and Oregon have not done so. These granges of the West, whose members are in close touch with the forest industries, know the deplorable conditions existing and do not oppose the protection to others which they themselves are seeking on their own farm products." We give you herewith a copy of the resolution passed by the State Grange of Washington, also a copy of the resolution passed by the State Grange of Oregon, which should be sufficient to prove the inaccuracy of the above statement.

WASHINGTON STATE GRANGE RESOLUTION OPPOSING PROPOSED DUTY ON SHINGLES, SIDING, FENCE POSTS, AND LOGS

Whereas the United States House of Representatives has passed a bill which provides a duty of 25 per cent ad valorem on shingles and cedar siding and 10 per cent ad valorem on fence posts and \$1 per thousand on saw logs; and

Whereas the farmer uses 60 per cent or more of the shingles and the greater portion of the cedar siding and 90 per cent of the fence posts; and

Whereas cedar poles, railroad ties and logs for pulp wood used by industrial firms are admitted duty free: Now, therefore, be it

Resolved, That the Washington State Grange protests against the discrimination herein shown and respectfully urges that Congress place agriculture on a parity with the industrial in all matters relating to the tariff: And be it further

Resolved, That a copy of this resolution be sent to the chairman and members of the Senate Finance Committee and to the chairman and members of the Committee on Ways and Means of the United States House of Representatives, and to the Washington delegation in Congress, and our brother, Fred Brenkman, the National Grange representative in Washington, D. C.

FRED W. LEWIS, *Secretary*.

RESOLUTION OF OREGON STATE GRANGE OPPOSING TARIFF ON LUMBER, SHINGLES, BRICK, AND CEMENT

Whereas Congress was called into extra session primarily for the purpose of farm relief, and since the present proposed tariff on lumber, shingles, brick, and cement will cost the American farmer approximately all relief gained by any form of relief measure now before Congress: Now, therefore, be it

Resolved, That the Oregon State Grange in the interest of the farmers of this country is opposed to any tariff on lumber, shingles, brick, and cement from the Dominion of Canada: Be it further

Resolved, That a copy of this resolution be sent to the members of the Ways and Means Committee, Members of Congress from Oregon, members of the Finance Committee of the United States Senate, to the United States Senators from Oregon, and our brother, Fred Brenkman.

OREGON STATE GRANGE,
DIVISION OF LABOR COMMITTEE.

Another misstatement is that on page 14 of the brief, where it is said that the reason the organized trade associations of the industry have not appeared in favor of the tariff is because they never take part in political affairs. In so far as this is meant to convey the thought that trade associations do not advocate or oppose specific legislation it is absolutely false. In 1922, for example, the then secretary-manager of the West Coast Lumbermen's Association, Robert B. Allen, appeared before Congress in support of a tariff. Numerous other instances where the trade organizations of the industry have worked for or against legislative measures including tariff questions could be cited, but we believe the above is sufficient to refute the statement of the proponents of the tariff.

Under the heading of "Production Costs," the proponents of the tariff again reiterate the claim of lower costs of production on shingles in Canada, and again try to support the claim by a comparison of log prices and a very distorted comparison of labor in Canada and in the United States.

We respectfully submit to your committee that it is not an evidence of good faith for the proponents of the tariff to ignore the figures of the Tariff Commission's total costs which are the vital figures in any discussion of comparative costs. It seems necessary also to reiterate once more the fact that the comparison of

log costs is unfair and misleading because it compares prices based on different scales and a different basis of grading. This point has been very fully covered in the Tariff Commission's report on the cedar shingle industry and in many of the briefs filed with your committee. Furthermore, the Tariff Commission in its report on the red cedar shingle industry in actual cost figures secured from the books of a large number of manufacturers on both sides of the line show a weighted average cost for Canadian mills of approximately 21 per cent greater than the average for Washington and Oregon. Allocated costs, grade by grade, indicate that all of the grades exported to the United States have a higher cost of production than the corresponding grades manufactured in Washington and Oregon.

In view of the thoroughness and comprehensiveness of the Tariff Commission's cost figures and in view of the fact that the proponents of the tariff must be familiar with these, since they quote the commission in support of their misleading claim of lower log and labor costs in Canada, their statements on cost must be considered willfully misleading. It should also be mentioned here that it is highly significant that in a brief of 47 pages the proponents of a tariff do not give a single example of actual production costs for shingles, either in the United States or in Canada.

On page 22 of the brief of the cedar industry a claim is made that the records show that in the Japanese market Canadian cedar-log prices are invariably lower than American. This statement is absolutely true but there should have been added that Washington and Oregon export high-grade logs to Japan whereas British Columbia exports almost entirely low-grade logs retaining at home the better types of logs for the manufacture of shingles and cedar lumber. This, of course, applies only to logs exported to the Orient. Exports of logs to Washington are on a parity with the logs consumed by the British Columbia mills.

On page 31 of the brief the intimation is made that at times Canadian shingles are dumped on the American market. The only proof of this offered is an extract from a letter indicating willingness of a Canadian mill to take 10 cents per thousand less for some low-grade shingles than the going market. In the first place some fluctuations in prices are to be found at all times between American producers. In the next place the exports of this country of low-grade shingles from British Columbia is practically negligible in volume. Ninety-eight per cent of the exports are high-grade shingles and on these, as the record taken from market quotations has amply proved, the price is consistently higher—grade for grade—on British Columbia shingles.

While many statements and allegations are contained in the brief of the United States cedar industry, we do not believe it desirable to encumber the record of the Senate Finance Committee with answers to every statement made since the vast majority of these are unsupported by any facts or data and are amply refuted in the existing record. The cedar industry in so far as it attempts to make a case, bases it on lower costs in Canada and on the increase over a long period of years in Canadian imports. These two points are obviously the ones on which any justification of a tariff must be based. We feel that we have answered them fully in the record and have further touched upon them above. We reiterate once more: First, that no evidence of lower costs in British Columbia—that can be considered as evidence—has ever been produced while on the contrary the record and the Tariff Commission's report are more than ample proof of the reverse. The increase in imports in British Columbia has been found to be due entirely to depletion in Washington and Oregon and the character of shingles produced in British Columbia and no proof of unfair competition has been brought forward as an explanation for this growth. The proponents of the shingle tariff have endeavored to make capital out of the fact that oriental labor is used in British Columbia in the manufacture of shingles. This can not be offered as any grounds for a tariff in view of the fact that the report that the Tariff Commission found that labor employed in the manufacture of shingles in British Columbia is paid at least equal wages to labor similarly employed in Washington and in numerous cases is even paid a higher rate and that total costs of manufacture are higher in British Columbia.

Respectfully submitted.

J. A. EDGECUMBE.

MATCH SPLINTS AND SKILLETS

[Pars. 405 and 413]

BRIEF OF THE BERGSTROM TRADING CO. (INC.), NEW YORK CITY

This statement is filed by S. H. Bergstrom, of the Bergstrom Trading Co. (Inc.), Woolworth Building, New York City, an American company engaged in the importation of chemicals and other commodities. It is respectfully requested that match splints and skillets, two semifinished raw materials used in the manufacture of safety matches and box containers, be placed on the free list of the new tariff law for the purpose of enabling the establishment of a domestic safety-match-manufacturing industry to compete with foreign-made safety matches.

Splints are ordinary plain match stems.

Skillets are thin pieces of wood used in making small boxes containing matches.

VOLUME OF MATCH IMPORTS

Official statistics of the Bureau of the Census report in 1928 the importation of 5,564,027 gross of matches, valued at \$2,090,468. This volume of foreign imports compares with the domestic match production for the same period of approximately \$25,000,000. Present domestic safety-match production, according to the best information available, is estimated at only one-half million gross.

CLASS OF MATCHES USED IN THE UNITED STATES

There are three principal types of matches used in the United States, as follows:

1. Strike-anywhere matches, characterized by round sticks of white pine, usually packed in large boxes, containing from three to four hundred matches, and lighting by friction against any surface. This is the domestic type of match and is not imported.
2. Paper, or book, matches, made of yellow cardboard, inclosed in a printed cardboard cover, usually containing 20 matches and lighting against the specially prepared striking surface of the package. This type of match is also a distinctly American product and is not imported.
3. Safety, or strike-on-box matches, packed and sold in small boxes made of thin wood, lighting only against the specially prepared striking surfaces of the sides of the boxes. This type of match originated and was developed in Sweden. A foreign safety match now is produced in a number of foreign countries and brought in to the United States from these various foreign sources. The present domestic production of safety matches is insignificant.

CHARACTERISTICS OF FOREIGN-TYPE SAFETY MATCHES

Foreign safety matches are made from a foreign aspen wood which is used in the splints as well as in the boxes. The foreign wood has a white lustrous color and the fibres are exceedingly smooth and uniform. Therefore, the wood lends itself splendidly to the particular kind of manufacturing process employed in the production of safety matches, namely the peeling into veneers from which the splints and skillets are cut. The splints readily absorb the necessary chemicals for match manufacturing and produce an even, clear nonsmoking flame.

DIFFERENCES BETWEEN FOREIGN AND DOMESTIC ASPEN

The species of aspen wood used for the manufacture of foreign matches is known as the *Populus tremula*. It is a typical species of northern Europe and Asia and derives its characteristics from climatic conditions and from the soil where it grows. This type of tree grows very straight and frequently attains a thickness at breast height of 20 inches or more in diameter.

There exist several varieties of aspen wood in this country. Of these there are only two species that could possibly substitute the foreign aspen wood for match manufacturing, which are known as *Populus tremuloides* and *Populus grandidentata*.

Although the characteristics of these species are similar to the previously mentioned foreign aspen, the wood itself, however, possesses from a match manu-

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facturing view essential differences. The grain of the wood is uneven and the fibers are not so straight as the fibers of the foreign aspen.

The domestic aspen seldom attains more than a maximum thickness of 14 inches in diameter at breast height. The chemical properties of the wood itself are not the same as the foreign type, which results in a rapid decolorization of the wood after it has been cut into match splints or skillets.

In the match business, large logs of straight-grain wood are needed for the rotary vincer process used. Such logs are found only in small widely scattered patches in the region of the Rocky Mountains and possibly in some other States. Due to this fact, the logging operations of this wood would be too costly for economic utilization in domestic safety match manufacturing.

This makes it economically impossible to base a production of safety matches on domestic aspen wood, even if the quality of the wood were not taken in consideration.

It is obvious that a supply of foreign aspen splints and skillets is an essential factor in any plan to develop a domestic safety match to compete with the foreign matches. That same factor probably is the main reason why there is no real production of safety matches in this country.

The importation of splints and skillets can have no detrimental effect upon the present domestic production of other types of matches. Skillets and splints as semifinished raw materials can be used only for further manufacture here, and such importations will enable creation of the domestic safety match manufacturing industry to compete with foreign safety matches.

SELLING PRICES IN THE UNITED STATES

The following table of match prices in the United States will show that the better grade of the foreign safety matches command the highest prices, and it is with these high-priced foreign matches that we propose to compete—not the low-priced domestic matches.

[Based on wholesale price]

Kind	Per gross	Per 1,000 sticks
High-grade foreign safety matches (per box of 50 sticks).....	\$0.72	\$0.10
Domestic safety match (per box of 50 sticks).....	.65	.09
Domestic strike-anywhere matches (per box of 50 matches).....	.55	.076
Domestic strike-anywhere matches (per box of 400 sticks).....	4.00	.07
Book matches (per 1,000 books).....	1.75	.087

Match manufacturing costs

We wish to emphasize the fact that the manufacturing cost of the foreign type safety match, which we propose to produce here, would be considerably higher than the manufacturing cost of the present type of domestic safety match. According to our estimates, the cost of pine splints, or sticks, and of cardboard used for the boxes of the present type of domestic safety match, would be 11 cents per gross. In comparison, the cost of the foreign splints and skillets which we propose to use would be 17.4 cents per gross.

We consider, however, that the differences in appearance and qualities between the foreign and domestic materials are so great that we would be unable to successfully compete with the foreign safety match unless we use the foreign materials. This factor is so important to our plan that we undoubtedly would be unwilling to undertake the establishment and development of the domestic safety match manufacturing industry without the advantage of these foreign supplies. We estimate, as mentioned, our costs of the foreign aspen splints and skillets at 17.4 cents per gross, foreign market value and exclusive of duty. The additional burden of 4.8 cents per gross in duty would so reduce our margin of profit as to make a domestic production economically impossible. The existing duty on skillets and splints is therefore only a protection in favor of the foreign producer of safety matches who can buy these semifinished raw materials at their market value. As a matter of fact, splints and skillets can be used for nothing except matches and match boxes, and their proper place is on the free list as semiraw materials rather than in the present provisions of the law as finished products.

PROVISIONS APPLICABLE TO SPLINTS OR STICKS

The present duty on this commodity is 33½ per cent ad valorem. Paragraph 410 of the tariff act of 1922 is as follows:

"PAR. 410. Spring clothespins, 15 cents per gross; house or cabinet furniture wholly or in chief value of wood, wholly or partly finished, wood flour, and manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for, 33½ per centum ad valorem."

Paragraph 413 of the House bill is as follows:

"PAR. 413. Spring clothespins, 15 cents per gross; furniture, wholly or partly finished, molders' patterns, and folding rules, all the foregoing, wholly or in chief value of wood, and not specially provided for, 40 per centum ad valorem; bent-wood furniture, wholly or partly finished, 55 per centum ad valorem; wood flour, and manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for, 33½ per centum ad valorem.

"COMMITTEE NOTE.—Molders' patterns and folding rules were formerly classified under this paragraph (1922 act, par. 410, at 33½ per centum ad valorem).

"Paintbrush handles, fixed by proclamation of the President at 16½ per centum ad valorem, are included in this paragraph at 33½ per centum."

It is respectfully pointed out that match splints were improperly included in that paragraph by the Treasury, March 15, 1876, and should be removed from this "catchall" paragraph and placed upon the free list with other semifinished raw materials for further manufacture in this country.

SKILLETS OR THIN WOOD VENEER FOR THE CONTAINER BOXES

The present duty on skillets for match boxes is 20 per cent ad valorem. Paragraph 403 of the tariff act of 1922 is as follows:

"PAR. 403. Cedar commercially known as Spanish cedar, *lignum-vitæ*, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, and Japanese maple, in the log, 10 per centum ad valorem; in the form of sawed boards, planks, deals, and all other forms not further manufactured than sawed, 15 per centum ad valorem; veneers of wood and wood unmanufactured, not specially provided for, 20 per centum ad valorem."

Paragraph 405 and 406 of the House bill are as follows:

"PAR. 405. Cedar commercially known as Spanish cedar, *lignum-vitæ*, lancewood, ebony, box, granadilla, mahogany, rosewood, satinwood, Japanese white oak, Japanese maple, and all cabinet woods (except teak): In the log, 10 per centum ad valorem; boards, planks, deals, flooring, and other lumber and timber, 15 per centum ad valorem.

"COMMITTEE NOTE.—Articles added have been transferred from free list, 1922 act, paragraph 1700 (bill, paragraph 1798, p. 316, of this print).

"Veneers of wood and wood unmanufactured, transferred to paragraph 406 of bill without change of rate.

"PAR. 406. Veneers of wood, 20 per centum ad valorem; plywood, 40 per centum ad valorem; wood unmanufactured, not specially provided for, 20 per centum ad valorem.

"COMMITTEE NOTE.—Plywood has been transferred from 1922 act, paragraph 410 (bill, paragraph 413, p. 129, of this print); old rate, 33½ per centum ad valorem.

"Remainder of paragraph has been transferred from 1922 act, paragraph 403 (bill, par. 405), without change of rate."

COMPETITION

There is practically no competition between foreign safety matches and domestic matches. Domestic manufacture of safety matches is negligible in volume and value due to the impracticability of obtaining in this country proper woods for the manufacture of the match splints and skillets.

It is respectfully contended that a domestic safety match manufacturing industry may be successfully developed in the United States if foreign splints and skillets are permitted free entry as materials for further manufacture here. It is carefully estimated that with present duties on these two commodities removed, the profit on domestic manufactured safety matches would be sufficient to yield a satisfactory return upon an investment necessary for the construction of factories, installation of machinery, and employment of labor to compete with foreign safety matches.

PROPOSED FREE LIST PROVISION

We propose that skillets and splints be added to paragraph 1806. House bill, as follows:

"PAR. 1806. Woods: Sticks of partridge, hair wood, pimento, orange, myrtle, bamboo, rattan, india malacca joints, and other woods not specially provided for, in the rough, or not further advanced than cut into lengths suitable for sticks for umbrellas, parasols, sunshades, whips, fishing rods, or walking canes; match skillets and match splints, in bulk."

RECOMMENDATIONS

It is respectfully contended that safety matches of the European type may be manufactured profitably in this country of imported match splints and skillets as semiraw materials, and it is respectfully urged that your committee will assist in the establishment of the domestic safety match manufacturing industry by placing skillets and splints upon the free list.

Respectfully yours,

S. H. BERGSTROM,
President Bergstrom Trading Co. (Inc.).

PLYWOOD

[Par. 406]

BRIEF OF E. V. KNIGHT REPRESENTING THE PLYWOOD MANUFACTURERS' ASSOCIATION

Finance Committee, United States Senate, Washington, D. C.:

The Plywood Manufacturers' Association, consisting of 76 producers of plywood operating approximately 100 plants in 21 States, submits the following facts to supplement data contained in the brief filed with the Committee on Ways and Means.

Under the tariff act of 1922 plywood is not specifically provided for and is classified under the general provision for manufactures of wood at 33½ per cent ad valorem.

In the brief filed with the Committee on Ways and Means it was requested that a new provision for plywood be inserted as follows:

"Plywood and manufactures thereof faced with birch, maple, alder, linden, or basswood, 5 cents per pound, plus 25 per cent ad valorem on the United States value thereof; plywood and manufactures thereof faced with any other wood, 7½ cents per pound, plus 25 per cent ad valorem on the United States value: *Provided*, That any of the foregoing containing more than 7 plies shall be dutiable at double the specific rate above set forth, plus 25 per cent ad valorem on the United States value; *And provided further*, That if any plywood or manufactures thereof faced with one of the woods heretofore specified and also with one of the unspecified woods, such plywood or manufactures thereof shall take highest rate herein specified."

H. R. 2667, as passed by the House of Representatives, provides a new classification for "plywood" at a rate of duty of 40 per cent ad valorem. This rate, as is hereafter shown, is wholly inadequate to protect the plywood industry of the United States against the ever-increasing menace of low-priced imports from abroad.

Up to the present time the most serious competition has been encountered from imports of birch plywood. In the brief before the Ways and Means Committee it is stated that the total sales for the year 1927, the latest figures available, of birch plywood of American manufacture with which the imported plywood directly entered into competition amounted to 7,035,039 square feet, distributed as follows:

	Square feet
Birch, 3-ply, ½-inch { good one side.....	687, 590
{ good two sides.....	118, 257
Birch, 3-ply, ⅜-inch { good one side.....	1, 094, 050
{ good two sides.....	462, 898
Birch, 2-ply, ¼-inch { good one side.....	2, 854, 921
{ good two sides.....	1, 817, 343

In the last item there appears a typographical error. The description of the plywood should have been 3 or 5 ply, $\frac{1}{4}$ -inch. We believe this totalization of American sales of these types of plywood to be correct.

It has been stated that the production of birch lumber in the United States which might have been used for the production of plywood amounted in a recent year to approximately 51,000,000 feet, which would produce approximately twenty times that number of feet in birch veneer. It is entirely unfair to attempt to estimate the amount of birch going into plywood from the amount of birch lumber produced. Birch lumber is used for many other purposes than for the production of veneer and a substantial proportion of birch veneers never go into plywood at all.

It is further to be noticed that the figure given for the amount of sales of birch plywood is restricted to the types of birch plywood with which the industry is now threatened by importations of similar types from Russia, Finland, and other European countries and does not purport to represent the entire production of birch plywood.

In the year 1928, the first full year for which statistics of imports of plywood are recorded, imports totaled 3,103,069 square feet. For the first five months of 1929 imports totaled 2,493,400 square feet as compared with imports for the corresponding period of 1928 of only 1,443,072 square feet. If imports should continue at this rate through the balance of 1929, imports would almost equal the domestic production of this type of plywood, assuming that the domestic industry can continue to hold up its production in the face of this tremendous increase in competition from imported birch plywood.

■ We further have reason to believe that all imports of plywood have not been included in the Department of Commerce statistics given, due primarily to the fact that plywood under the act of 1922 is classified under the general provision for all manufactures of wood. To substantiate this statement, personal investigation was made in June, 1929, by a representative of this association of importations of plywood at the port of New York. This man was especially equipped for this study, having originated and later inaugurated the present system used by the Government in compiling its import and export figures. The results of such investigation are as follows:

Government statistics for January, 1929, show a total of 122,225 square feet of plywood imported from all countries. Not a foot of such importations is shown as having come from Russia.

Our investigator had personal access to an invoice dated January 24, 1929, of the Amtorg Trading Co., the direct representative of the Soviet Government in this country, covering 206,866 square feet of birch plywood. This shipment arrived at Hoboken, N. J. on January 21, 1929, and apparently is not included in the recorded statistics of imports. Our investigator also saw an invoice of the Amtorg Trading Co. dated March 14, 1929, covering 20 cubic meters of 3-ply $\frac{1}{16}$ to $\frac{1}{32}$ inch airplane birch plywood. This shipment came from Riga, Latvia, yet the Government statistics for March, 1929, do not show such an item.

Birch plywood is becoming increasingly important in its use for airplanes. During the war the entire plants of several of the largest domestic manufacturers were turned over to the Government for the exclusive manufacture of airplane plywood. Since that time, due to inability to compete with the low prices at which such birch plywood is being imported and sold in the United States, one domestic manufacturer at least has entirely ceased production in airplane birch plywood and others have greatly curtailed their production. Unless adequate protection be afforded on at least this type of plywood, therefore, production in this country will entirely cease and a material recognized as a necessity by the United States Government for use in war times will no longer be available here.

As an evidence of the type of competition which the plywood industry in the United States is experiencing from imported plywood, the following quotation from a catalogue of the Arthur J. Reiser Panel & Veneer Co. of New York, the original of which has been filed with your committee, showing prices quoted on various grades and sizes of birch plywood is illuminating. For the information of your committee, and to show the competitive disadvantage of the domestic industry, American prices of comparable grades and sizes of plywood are also given.

Russian birch plywood, absolutely waterproof

Description	Im- porter's price	Ameri- can price
	Cts. per sq. ft.	Cts. per sq. ft.
1/8-inch, 3-ply:		
Good 2 sides (A).....	5	8 - 10
(Good 1 side (A B) sound back.....	4 1/2	7 1/2 - 9 1/2
Good 2 sides (B).....	4 1/2	7 - 9
3/16-inch, 3-ply:		
Good 2 sides (A).....	7	11 1/2 - 12 1/2
(Good 1 side (A B).....	6 1/2	11
Good 2 sides (B).....	6	10 - 11 1/2
1/4-inch, 3-ply:		
Good 2 sides (A).....	8 1/2	12 - 14
(Good 1 side (A B).....	8	13 1/2
Good 2 sides (B).....	7 1/2	11 - 12
5/8-inch, 5 and 9 ply:		
Good 2 sides (A).....	14	16 1/2
(Good 1 side (A B).....	13	16 - 18
Good 2 sides (B).....	12	16 1/2 - 17 1/2

In comparing the foregoing tabulation of prices of imported and domestic birch plywood it must be borne in mind that the prices given for imported plywood are subject to special discounts in quantities of 5,000 feet and over. Prices given for comparable domestic birch plywood are prices f. o. b. factory to jobbers in car-load lots. To place the domestic prices upon a comparable basis with the imported prices, freight, and in many cases also cartage, must be added to the domestic prices given.

Birch plywood at present imported into the United States is of the same size, dimension, and grade of similar plywood produced in the United States. Attention may be called to the catalogue of the Arthur J. Reiser Panel & Veneer Co. already filed with your committee wherein the statement is made that all panels are "smoothly scraped, not sanded. English standard grade. A—AB—B. Waterproof—glued with blood albumen." These grades are identical with American standard grades and the A grade panel is considered in the trade to be strictly first-class.

Finland, Russia and Germany have been purchasing the highest and most advanced types of plywood machinery; for example, the Soviet Government has recently purchased, in addition to their already extensive and complete facilities, 21 complete units of the most modern plywood machinery. Such units are equal to the equipment of six of the largest producers of plywood in the United States. Representatives of the foreign manufacturers for the past several years have been investigating the methods of manufacture in this country. Indeed, as recently as March, 1929, a representative of the Finnish Government visited several of our largest plants. In view of these facts it is submitted that the manufacturer abroad is thoroughly conversant with the needs of the domestic market and is well equipped to supply it at prices with which the domestic manufacturer can not hope to compete.

Labor constitutes approximately 75 per cent of the total cost of producing plywood in the United States. The average wage rate in the United States for plywood workers is \$4.60 per day, as compared with an average wage rate for similar labor in Russia of about 37 cents per day. In view of the adoption of American methods and the installation of American machinery and equipment abroad, it may fairly be inferred that the same amount of labor and the same operations are necessary in foreign countries as in the United States to produce this product.

The foregoing data with respect to birch plywood show the utter inability of the domestic manufacturers to compete under the existing tariff duty. While competition at present is confined chiefly to birch plywood, it is submitted that it is only a question of a short time before the foreign manufacturer, having met with such marked success in the sale of birch plywood in this country, will begin to develop other lines and that the entire industry will shortly be faced with the destructive competition which has already driven one American manufacturer out of the production of airplane birch plywood and has caused other manufacturers to greatly curtail their output in the face of an increasing demand.

Respectfully submitted.

PLYWOOD MANUFACTURERS ASSOCIATION,
By E. V. KNIGHT.

**BRIEF OF THE EUROPEAN WOOD PRODUCTS CO. (INC.),
NEW YORK CITY**

COMMITTEE ON FINANCE,

United States Senate, Washington, D. C.

GENTLEMEN: This brief is filed in opposition to the increased rate of duty provided in H. R. 2667, par. 406, on plywood.

The increase in rate seems to have been the result of representations made to the Ways and Means Committee by the Plywood Manufacturers' Association which are not supported by the Summary of Tariff Information compiled by the Tariff Commission, Schedule 4, pp. 960-961, and which do not truly set forth all of the important facts on the nature of the business, nature of the domestic and imported products, and similarly important facts briefly set forth below.

Before proceeding with the statement of the facts which can be supported by proper investigation, attention is invited to the statements of members of the Committee on Ways and Means at pp. 2871-2872 "Tariff Readjustment, 1929, Hearings."

Point 1: The quantity of plywood imported into the United States is but a very small fraction of 1 per cent of the quantity used. The nature of the business is such that these quantities are never likely to be important.

Point 2: The price of imported plywood, quality considered, is not lower than the domestic market.

Point 1: Inasmuch as testimony covering the quantity of plywood imported is already upon the record we shall not go into the figures in detail, excepting to say the entire quantity during any one year has not been in excess of \$200,000, as compared with millions of dollars' worth of this commodity annually used in this country.

Plywood is distributed in two ways: It is either cut to size and delivered to manufacturers of furniture, radio cabinets, or similar products in matched sets of various kinds of wood, or it is furnished in stock sizes for general warehouse distribution. By far the largest quantity of plywood comes under the first classification, and while no figures are available we should say that from 85 to 90 per cent of the plywood used in the United States is of the cut-to-size variety. The European markets are practically shut out from this type of business because the American manufacturer can rarely wait for the arrival of material of this type from Europe, and because there are few woods available in Europe which match the American demand. A very large percentage of this is made in American walnut, and very large quantities in American plain and quartered oak. Much of it is in American maple of both the plain and curly variety. Even if the European markets could produce the cut-to-size type of panel economically the current woods would not be available. From a practical standpoint this eliminates European competition from the major part of the plywood business in this country.

Stock panels are so called because they are produced in standard thicknesses and standard sizes, such as 2 by 5 feet and 3 by 6 feet of $\frac{1}{4}$ -inch and $\frac{3}{8}$ -inch thicknesses. They are warehoused at various points in this country in all of the available woods, of which birch, perhaps, would be $7\frac{1}{2}$ to 10 per cent, but the largest quantities of stock panels are in Oregon fir, white pine, gum, American walnut, oak, and mahogany. An examination of the imports will show that the only item imported into this country in any quantity has been birch, but as before indicated it is economically impossible for the European markets to ship plywood faced with American woods, so that this whole subject reduces itself to the importation of birch stock panels. This automatically limits the possible effect of importation to a very small fraction of American plywood consumption.

Point 2: European birch, regardless of the point from which it originates, is quite different from American birch and decidedly inferior. The veneer contains swirls, whirls, small knots, and indications of knots, due to the nature of the wood and the relatively small sizes of the logs from which the veneer is cut. The resultant plywood compares with the grade sold by American manufacturers, as the common or drawer-bottom grade. This grade is indicated for bottoms of drawers and concealed work and not for high-class cabinet finish. Drawer-bottom panels in stock size of $\frac{1}{4}$ -inch can be purchased in this country for from 5 cents to $5\frac{1}{2}$ cents per square foot. (See catalogue of Algoma Panel Co. attached, p. 11. There is a 20 per cent discount from this catalogue for shipments from the mill to dealers.)

In most cases it is now not possible to compete with American plywood of similar grade and used for the same purpose. This is best indicated by original letters of the trade attached to this brief which show the market situation.

Plywood is decidedly used for manifold purposes as important building material. It has further enabled the manufacturer of diversified products to produce a better product for the consumer at a reduced price.

Samples of a typical American birch panel and a typical European panel (Russia) are presented herewith, and it requires no expert or trained eye to see that the two woods are different in character and not interchangeable. Furthermore, that the imported panel is decidedly inferior.

American manufacture, because of efficient equipment and skilled craftsmanship, is far superior to that of European mills, and this is revealed in the plywood by smoothness of surface, which depends upon the accuracy which both the inner and outer veneers are cut and the manner in which the plywood is sanded. The quality of finish is not so evident in the unfinished panel.

SUMMARY

We have shown that the quantity of plywood imported is negligible. We have shown that competition from abroad is and must be restricted to a very small part of the domestic consumption. We have shown that the price of the material imported after the duty has been paid at its present rate is about on a par with the domestic market, quality considered.

We respectfully submit the fact that the present duty of 33½ per cent is more than ample to protect the American manufacturer, and the application for an increase in this duty should be denied.

EUROPEAN WOOD-PRODUCTS Co., INC.
DOUGLAS CHANDLER, *President.*

[SEAL.]

ROCK IDA, *Notary Public.*

Commission expires March 30, 1930.

STULMAN-EMRICK LUMBER Co., (INC.)
154 Nassau Street, New York, February 9, 1929.

EUROPEAN WOOD PRODUCTS Co. (INC.)
404 Fourth Avenue, New York, N. Y.

GENTLEMEN: Replying to your letter of February 8, kindly cancel and return all orders that you have on file for us, as we can not stand any increase in price. Your prompt attention will be greatly appreciated.

Very truly yours,

STULMAN-EMRICK LUMBER Co. (INC.)

ROSENTHAL LUMBER Co.
1308 North Halsted Street, Chicago, June 17, 1929.

EUROPEAN W. P. Co.,
404 Fourth Avenue, New York City.

GENTLEMEN: We are in receipt of your letter of June 13, and in reply wish to advise that the reason we do not want the 30 pieces is that our customers are getting them here in Chicago for a lower price than we are paying you, therefore we can not afford to handle these panels any more.

Thanking you for your check, and assuring you that we are sorry we can not use the other 30 panels, we remain,

Very truly yours,

ROSENTHAL LUMBER Co.

EMPIRE CASE GOODS Co.,
Jamestown, N. Y., May 2, 1929.

EUROPEAN WOOD-PRODUCTS, Co. (INC.),
404 Fourth Avenue, New York City.

GENTLEMEN: Acknowledging your letter of April 25, inclosing list of panels you have to offer, we find in checking up that we would experience in cutting down approximately 20 per cent waste, besides the labor, making the average price, including freight to Jamestown, approximately \$35, which you realize is entirely out of the question as we can buy three-sixteenths-inch dust bottom grade from the South to-day at a price of \$26 f. o. b. Jamestown, N. Y. This grade is even better than the grade you are furnishing.

With reference to panels on order, if shipment is not forthcoming soon, we shall cancel the order, which we feel justified in doing on account of your failure to comply with shipping instructions and in which case any panels in transit will be subject to your disposal. You will, therefore, realize the necessity of obtaining some definite information as to shipment of this order without delay.

Very truly yours,

EMPIRE CASE GOODS Co.

[Extract from letter from Rosenthal Lumber Co.]

CHICAGO, October 25, 1928.

EUROPEAN W. P. Co.,
404 Fourth Avenue, New York.

GENTLEMEN: With reference to the small birch panels up to 24 by 48, we are always more or less in the market for them, but we wrote you yesterday we can buy them from our Wisconsin mill for 5 cents per foot, cut to our size, and can get reasonably quick deliveries. Your price would have to be considerably lower in order to make it interesting enough to place our orders in advance.

Very truly yours,

ROSENTHAL LUMBER Co.,
By S. L. ROSENTHAL.

ROCK IDA, Notary Public.

[SEAL.]

Commission expires March 30, 1930.

[Extract of letter from Marvel Furniture Co.]

JAMESTOWN, N. Y., March 11, 1929.

EUROPEAN WOOD PRODUCTS Co.,
New York City.

GENTLEMEN: As to your statement that we know that the goods are sold to us at an attractive price, you are entirely mistaken. We can buy all we want of this stock now at \$30 f. o. b. Jamestown, sanded one side, and \$27 for the $\frac{1}{8}$ inch.

Yours truly,

MARVEL FURNITURE Co.,
Per ALFRED A. ANDERSON,
President.

ROCK IDA, Notary Public.

[SEAL.]

Commission expires March 30, 1930.

TATE FURNITURE Co.,
High Point, N. Y., June 12, 1929.

EUROPEAN WOOD PRODUCTS Co. (INC.),
404 Fourth Avenue, New York, N. Y.

GENTLEMEN: Your telegram is at hand.

In reply will say that your price is too high, as we have been buying bed rails at 85 cents per pair delivered in High Point. We could give you an order for a car at this price if you wish to accept the order and would be pleased to hear from you further.

Yours very truly,

TATE FURNITURE Co.,
A. E. TATE, President and Treasurer.

ROCK IDA, Notary Public.

[SEAL.]

Commission expires March 30, 1930.

PAINTBRUSH HANDLES

[Par. 413]

SUPPLEMENTAL BRIEF OF THE RUBBERSET CO., NEWARK, N. J.

At the hearing of the Senate tariff subcommittee covering Schedule 4, Wood and manufactures of wood, there appeared Mr. Pollock, representing Brewer Manufacturing Co., Old Town, Me., who filed a brief claiming that he represented 60 per cent of the paintbrush handle manufacturers of the United States. He made the following verbal statements:

"1. That paintbrush handles were imported from Germany as well as Canada.

"2. That the Rubberset Co. (Ltd.), of Canada had issued a price list on paintbrush handles which had been withdrawn later, but the prices contained in this price list would necessitate a protective tariff on paintbrush handles as follows: 'A specific duty of one-half cent per handle and 33½ per cent ad valorem to equalize the prices in the United States.'"

We hereby certify that to the best of our knowledge and belief, and after a thorough investigation on our part, we can find no record of any paintbrush handles being imported into this country from Germany. The handles that Mr. Pollock, of the Brewer Manufacturing Co., refers to are probably artists' brush handles.

Germany specializes in the manufacture of artists' brushes, which they can manufacture complete (not handles) and export to the United States, paying the duty, and still land them cheaper than they can be produced domestically. Furthermore, there would be no advantage in importing the artists' brush handles only, as the handle is of insignificant value compared to the complete brush, and it is not possible to make the complete brush here, using the imported German handle, as the cost of making such a brush here would far exceed the landed cost of the completed artists' brushes from Germany.

In our previous briefs we have already referred to artists' brush handles and pointed out that these have no connection with or relationship to the ordinary paintbrushes used in industry and commerce. The discussion, therefore, of this item is entirely irrelevant, and has been brought into the briefs of the Brewer Manufacturing Co., Holgate Bros. Co., and C. E. Bradley Corporation merely to confuse the issue at hand.

The second remark on the subject of Canadian paintbrush handle prices as compared with the domestic paintbrush handle prices in which the Brewer Manufacturing Co. state that a specific duty of one-half cent per piece plus 33½ per cent ad valorem is necessary to equalize the prices of Canadian and American handles in the United States, I would point out that Mr. Pollock of the Brewer Manufacturing Co. holds himself to represent 60 per cent of the handle manufacturers of the United States and, therefore, he must undoubtedly be acting for Holgate Bros. Co. or C. E. Bradley Corporation or both. That being the case he has undoubtedly used their previous records for the brief which he submitted to the Senate subcommittee. We do not know what that brief contains but we do know only the two statements he made verbally and we make this statement now that in going over the brief submitted by Holgate Bros. Co. and C. E. Bradley Corporation to the Committee on Ways and Means, House of Representatives, we find that they have deliberately made misstatements and brought in items which had no bearing or connection with the paintbrush handle industry whatsoever.

We have already pointed out some of these false statements and misinformation in our briefs previously submitted and we now take the liberty of referring here to the booklet covering the hearings before the Committee on Ways and Means, House of Representatives, volume 4, Schedule 4, page 2779, Exhibit 20 which has been furnished by C. E. Bradley Corporation and Holgate Bros. Co. and wherein they pretend to compare American prices with the Canadian prices as shown in the Rubberset Co. (Ltd.), of Canada's price list.

In bringing this Exhibit 20 to your attention we are using the style numbers of handles and sizes given therein in its entirety so as not to confuse the main point that we wish to bring clearly to your attention and that is that in this exhibit the American selling price has been deliberately misstated. The American price has been increased in some cases almost 50 per cent over the actual selling price of these numbers in order to distort the situation and mislead the committee.

The Rubberset Co., of Newark, buys 80 per cent or more of the paintbrush handles they use from Holgate Bros. Co. and C. E. Bradley Corporation of the United States. We are, therefore, in a position to give their actual selling prices of the numbers listed in Exhibit 20 and we wish to call your attention to these American selling prices as against the American selling prices stated in Exhibit 20.

In the attached schedule we show (1) Canadian quotations f. o. b. Canada, (2) Canadian prices with duty and other charges amounting to 22 per cent, (3) the selling prices of Holgate Bros. Co. as per their price list submitted to us and at which we have bought large quantities of handles from them, (4) the selling prices of C. E. Bradley Corporation as per their price list submitted to us and at which we have bought large quantities of handles from them, (5) copy of Exhibit 20, American alleged selling prices.

Exhibit No. 20 appearing on page 2779 of House Ways and Means Committee hearings

Style	No.	Canadian quotations f. o. b. Canada	Canadian prices with duty and charges added, 22 per cent	Holgate Bros. Co. selling prices	C. E. Bradley Corporation selling prices	Exhibit 20, American alleged selling prices
265.....	2½	\$3.27	\$3.99	\$3.94	-----	\$5.16
	3	3.50	4.27	4.16	-----	5.63
	3½	3.84	4.68	5.03	-----	6.11
	4	4.20	5.12	5.84	-----	6.67
260.....	4½	5.40	6.59	7.17	-----	8.00
	2½	2.30	2.81	3.03	\$2.72	4.25
	3	2.50	3.05	3.30	3.25	4.84
	3½	3.00	3.66	3.89	3.88	5.49
258.....	4	3.25	3.97	4.26	4.27	6.16
	4½	4.15	5.06	5.41	5.33	7.05
	3	2.80	3.42	3.70	-----	5.31
	3½	3.20	3.90	4.18	-----	5.99
255.....	4	3.40	4.15	4.70	-----	6.68
	4½	4.40	5.37	5.75	-----	7.52
	5	5.20	6.34	6.84	-----	9.61
	3	4.32	5.27	5.67	5.28	6.53
266.....	3½	4.68	5.71	6.27	5.76	7.32
	4	5.29	6.45	6.98	6.34	8.25
	4½	5.68	6.93	7.57	7.06	9.15
	5	6.10	7.44	8.24	8.11	10.04
268 XXX.....	3	3.60	4.30	-----	-----	5.20
	3½	4.00	4.88	4.99	-----	5.76
	4	5.17	6.31	5.87	-----	6.48
	1	3.33	4.06	-----	2.96	5.27
267 XX.....	1½	3.73	4.55	-----	3.73	5.93
	2	4.00	4.88	-----	4.35	6.32
	2½	4.80	5.86	-----	5.18	7.21
	3	5.47	6.67	-----	5.63	7.87
264 XXX.....	1	3.20	3.90	-----	2.65	5.16
	1½	3.33	4.06	-----	3.06	5.75
	2	3.67	4.48	-----	3.71	6.09
	2½	4.33	5.28	-----	4.64	6.93
262 XX.....	3	4.80	5.86	-----	5.31	7.56
	1	1.54	1.88	-----	1.75	2.27
	1½	1.87	2.28	-----	2.09	2.93
	2	2.10	2.56	-----	2.66	3.33
316.....	2½	2.80	3.42	-----	3.18	4.09
	3	3.36	4.10	-----	3.61	4.81
	1	1.43	1.74	1.42	1.45	2.59
	1½	1.70	2.07	1.85	1.96	2.71
316.....	2	1.98	2.42	2.23	2.33	3.09
	2½	2.48	3.03	2.77	2.83	3.79
	3	3.08	3.76	3.44	3.49	4.43
	1	.93	1.13	1.14	-----	1.24
316.....	2	.93	1.13	1.14	-----	1.32
	3	.93	1.13	1.14	-----	1.49
	4	.93	1.13	1.14	-----	1.68
	5	.93	1.13	1.14	-----	1.80
316.....	6	.93	1.13	1.14	-----	1.89

In our previous briefs we have already stated that the price list issued by the Rubberset Co. (Ltd.), Canada, was immediately withdrawn. It was not issued for the purpose of selling Canadian handles in the American market but was issued by a new man in charge of the plant without authority and only issued to test market conditions.

The items picked out of this price list and shown in this Exhibit 20 were the items that were most favorable to their argument and we have left them exactly as they were listed in Exhibit 20. Even so, when you take the Canadian cost, landed here, it works out at an average price of \$4.03 per hundred against an average price of the American corresponding handles of \$3.92 per hundred.

Had all the handles published in the price list been compared with actual selling prices with the corresponding American handles the position would have been still more favorable to the American handles.

However, as already stated, no sales have been made at these Canadian prices. We still maintain and point out to you that the true relationship between the Canadian market and the American market of paint brush handles is the same now as it was during the investigation of the customs commission in 1926, when it was found that American costs were approximately 8 per cent below Canadian costs. No material changes have taken place since then to disturb the relative position.

We maintain, therefore, that paint brush handles could be placed on the free list without any detriment whatsoever to the domestic paint brush manufacturers.

Very truly yours,

C. W. ALBRIGHT, Jr., *President.*

Sworn and subscribed to before me at Newark, N. J., 13th July, 1929.

[SEAL.]

H. D. F. FEDDERSEN,
Notary Public.

My commission expires July 8, 1934.

WOOD FLOUR

[Par. 413]

BRIEF OF BECKER, MOORE & CO. (INC.), NORTH TONAWANDA, N. Y.

This brief is filed by Becker, Moore & Co. (Inc.), manufacturers of wood flour, with a request that the wood-flour duty be increased from 33 $\frac{1}{3}$ per cent ad valorem to 66 $\frac{2}{3}$ per cent, and it is supported by John C. Hornbeck's Sons, of Napanoch, N. Y.

The wood-flour industry is comparatively an infant and it utilizes mostly waste wood, shavings, and sawdust from planing mills and wood-working plants which use light colored soft woods of low pitch content. The undersigned, Becker, Moore & Co. (Inc.), manufactures about 20,000 tons per year, and there are three other fairly large plants which produce a total of about 15,000 tons. In addition to these, there are a few small producers who manufacture a total of 2,000 tons or more a year making the American production about 37,000 tons. Importations are running this year at the rate of 10,000 tons, which is quite an increase over last year.

Unfortunately this industry is so small that there are no elaborate American statistics available, nor is there very much available on foreign manufacturers, so about the only figures which can be submitted are from the audits of Becker, Moore & Co. (Inc.), as certified by Haskins & Sells, accountants.

In order to show the comparative figures which are available we are placing them in the table below and the authority for them will be shown later. These are the principal items in manufacturing and getting the goods to market.

No.	American	Foreign
1	Labor, 55 cents per hour.....	27 $\frac{1}{2}$ cents per hour.
2	Freight to New York, \$5.70 per ton.....	Across the ocean, \$4 to \$5.50 per ton.
3	Raw material, \$8 to \$10 per ton.....	\$1 to \$4 per ton.
4	Power, per kilowatt hour, \$0.01 to \$0.015.....	\$0.016 per kilowatt hour.

Under the American column the figures are all from the books of Becker, Moore & Co. (Inc.). Item No. 1 under the foreign column is from the Usines Euboolith letter of June 13, 1929, as attached. Item No. 2 is principally hearsay and by word of mouth with New York City importers. Item No. 3 from Usines Euboolith letter. Item No. 4 from Usines Euboolith letter and is for Holland power but the greater portion of the imported wood flour comes from Norway where power is supposed to be the cheapest in Europe.

Item No. 1 needs very little comment as we pay our workmen in North Tonawanda exactly double the rate mentioned for Europe. We have been told that the Norwegian mills pay a lower rate.

Item No. 2 shows fairly close figures but our haul is less than 500 miles while the foreign material crosses the Atlantic. We understand that the foreign mills shop around and bargain with various boats to take wood flour over as surplus cargo.

Item No. 3 shows a very material difference in costs. New York State, and we believe several others, have a law that straw can not be used in dairy farms for bedding and white softwood shavings are in demand. In 1920 we were able to buy raw material in North Tonawanda at \$5 per ton, but during the past three years the price had advanced considerably as many of the white-pine planing mills in the East have been forced to discontinue business due to the planing and sawing being done where the lumber originated. There is practically no timber in the East and most of these mills were wholesalers and jobbers. The market for wood flour is principally on or near the Atlantic coast and as the selling price is less than \$30 per ton delivered for standard grades in large quantities, it can readily be seen that the product can not stand a high freight charge so manufacturing can not be very successful in the middle or far West.

Lumber is cheaper in Europe as they are now sending lumber to this country. Conditions in Europe are evidently similar to conditions in this country about 15 or 20 years ago when shavings and sawdust were burned at an expense to get rid of them. White-pine sawdust is selling at \$100 to \$125 per car f. o. b. North Tonawanda, N. Y., and the cars contain about 12 tons or \$8.50 to \$10 per ton in bulk. The price of raw material is advancing steadily as the eastern supply becomes smaller.

There are hundreds of small wood-working mills scattered around the country but most of them use various mixed grades of wood which are not suitable for the manufacture of wood flour. Yellow pine, fir, hemlock, cedar, redwood, and all the hardwoods can not be used and the percentage of white pine which these mills run is so small that it does not pay to separate it. Shavings can not be shipped in bulk to make the railroad minimum weight and the cost of baling is very high in a small plant.

Item No. 4 covers power and there is very little difference.

The principal items are shown to be raw material and labor. Our labor cost per ton over a period of two years, as certified by Haskins & Sells, auditors, and attached hereto, is \$3.335 per ton. This makes a difference of \$1.667 in favor of the foreign manufacturers.

The raw material cost shows the greatest difference as our average cost is shown to be \$9.28. The Usines Euboolith letter shows shavings at \$1 per ton and sawdust at \$3 to \$4 per ton. The fiber is so short in sawdust that it does not make good wood flour and shavings are used almost exclusively; therefore, we have a difference of approximately \$8 per ton. These two items alone show a total of \$9.667 per ton. Overhead is undoubtedly higher in this country and taking this and other things into consideration the difference is probably around \$11 or \$12 per ton.

The present rate of duty is 33 $\frac{1}{3}$ per cent ad valorem and the Government figures as furnished by the Bureau of Foreign and Domestic Commerce shows the average duty for the year 1928 to be \$4.69 per ton which is \$14.08 per ton on declared value.

The profits in the business have been very small for the past three years and we have not been able to pay dividends on our stock for the past two and one-half years.

We believe the foreign manufacturers are selling cheaper in the United States than in Europe and using this country as a dumping ground. A certified copy of a letter from Michael Nairn & Co. (Ltd.), Kirkealdy, Scotland, is attached hereto and it shows that a linoleum grade of wood flour was selling in England last year at £5.122 or \$27.26 delivered. Last year the linoleum grade was selling at \$27, to \$28 per ton f. o. b. New York City and the imported material carried a duty of approximately \$4.69. We believe wood flour enters Great

Britain free of duty, and the freight rate should certainly be lower, so we naturally draw the conclusion that the United States is being used as a dumping ground. Most of the wood flour coming into the United States is linoleum grade and if it sells in England without a duty at the New York f. o. b. price, duty included, there is certainly something wrong.

CONCLUSION

We feel that we are justified in asking for a 66 $\frac{2}{3}$ per cent duty for the following reasons.:

1. The present duty of 33 $\frac{1}{3}$ per cent is not enough as \$4.69 average duty is less than half the difference between the cost of raw material and labor in Europe and the United States. A duty of 66 $\frac{2}{3}$ per cent will still leave us handicapped, but we do not ask for the full difference.
2. Europe is using the United States as a dumping ground, and false declarations as to values have been made in the past. The customs department seized the stock of one importer and imposed a heavy fine.
3. Foreign prices in New York are always a little lower than domestic prices as they have a very great advantage in raw material and labor costs which the present rate of duty does not begin to cover.
4. Large importations come from Norway and according to our information there is no market value for home consumption as no wood flour is sold locally by these mills. Under these conditions they can use any price they wish as home value and obtain a very low rate of duty into the United States. The Government has tried to investigate foreign conditions of wood flour but they have informed us that they are unable to check up on this industry as foreign manufacturers will not give them the necessary information.
5. This infant industry which uses by-products is growing rapidly and within 5 or 10 years it should be quite respectable in size if given proper protection. Foreign manufacturers are expanding rapidly and new mills are being built to go after the American market. They have a very great advantage over United States manufacturers as they have inexpensive raw material and a low freight rate to New York. There is an abundant supply of cheap raw material on the Pacific coast but the freight rate by rail is over \$20 per ton and by boat the rate is nearly as high, but none of the steamship lines want to carry a light bulky product on east-bound trips as they can get more revenue from lumber and other products. So far, this year, importations are nearly double the amount for this same period last year and unless we have help this industry will die.
6. John C. Hornbeek's Sons of Napanoch, N. Y., applied to the Tariff Commission last year for relief and their application will show how the situation is affecting their business. They are one of the oldest manufacturers in this country and their plant has been operated very little during the past three years. Becker, Moore & Co. (Inc.), took no action at that time as we thought the application would meet with favor. We just learned that no action had been taken and this explains the delay in filing this brief.
7. The wood flour industry gives the lumber concerns an outlet for thousands of tons of mill waste at a fair price and an increase in duty will help the lumber industry.
8. As the largest manufacturers, we have not been able to make enough profit in our business to pay dividends for the past two and one-half years and we earnestly pray that the committee will take favorable action on our request.

BECKER, MOORE & Co. (INC.),
F. J. MOORE, *President.*

Supported by:

JOHN C. HORNBECK'S SONS,
Napanoch, N. Y.

USINES EUBOOLITH,
Olten (Suisse), June 13, 1929.

Messrs. BECKER, MOORE Co.,
North Tonawanda, N. Y.

DEAR SIRS: We have in the harbor of Amsterdam a large factory on the riverside, where the big ocean steamers land, with railway siding.

[Extract from letter]

Wood shavings can be hand (in Amsterdam) at fl. 2.50 per ton (about \$1 per ton) and sawdust at fl. 7.50 to fl. 10 per ton (\$3 to \$4 per ton).

The workmen get fl. 5.50 per 8-hour day (\$2.20 or 27½ cents per hour).

Electric power cost fl. 0.04 per kilowatt (1.6 cents per kilowatt hour).

Yours faithfully,

EUBOOLITH WORKS (LTD.).

I certify that this extract is from the original letter received from the above company.

Dated: North Tonawanda, N. Y., July 6, 1929.

LEWIS J. WOLLENBERG,
Notary Public.

HASKINS & SELLS,
Buffalo, July 2, 1929.

BECKER, MOORE & Co. (INC.),
North Tonawanda, N. Y.

DEAR SIR: We have made general audits of your accounts for the two years ended December 31, 1928, and we hereby certify that the costs of raw material and labor per ton of wood flour produced for the two years so ended were, respectively, \$9.28½ and \$3.35½.

Yours truly,

HASKINS & SELLS.

MICHAEL NAIRN & Co. (LTD.),
Kirkcaldy, Scotland, March 14, 1928.

Messrs. BECKER, MOORE & Co. (INC.),
North Tonawanda, N. Y.

DEAR SIR: Sir Michael Nairn asks us to acknowledge receipt of your letter of 29th ultimo, as his time is very much taken up just now; and, as requested, we will arrange to send you a 25-pound sample of the wood flour which we use.

The price at which we are buying this wood flour is £5 12s. 6d. per ton delivered our works. If this is the quality that interests you, and we do not think any of the British wood flour millers are grinding a finer flour, and if you will let us know what quantities you wish, we would be glad to put your inquiry in the hands of some of our suppliers, and let them quote to you direct.

Sir Michael is interested in the contents of your letter, and asks us to convey his personal regards to you.

Yours faithfully,

MICHAEL NAIRN & Co., (LTD.)
ALFRED P. PEAT, Director.

I certify that this is an exact copy of the original letter received from the above company.

Dated: July 3, 1929.

[SEAL.]

MYRON J. WATSON,
Notary Public.

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